



PHILIP MORRIS ČR

**DRAFT DECISIONS  
OF THE GENERAL MEETING**

**of**

**Philip Morris ČR a.s.,**

whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,  
identification number: 14803534, registered in the Commercial Register  
maintained by the Municipal Court in Prague, Section B, File 627

(the "Company"),

**presented by the Board of Directors of the Company  
in relation to the decision-making outside the General Meeting (“*per rollam*”)**

in accordance with Section 418 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Act on Business Corporations), as amended (the "Business Corporations Act"), in conjunction with Section 19 (1) of Act No. 191/2020 Coll., on Certain Measures to Mitigate Impacts of the SARS CoV-2 Coronavirus Epidemic on Litigants, Aggrieved Parties, Victims of Crime and Legal Entities and on Amendment of the Insolvency Act and the Civil Procedure Code, as amended ("Lex Covid")

*Note: The English version of this document is published for informational purposes only. The prevailing version of this document is the version published in the Czech language.*

The decision-making outside the General Meeting of the Company concerns the following points:

1. Approval of the Report of the Board of Directors on the Business Activities of the Company;
2. The Supervisory Board Report;
3. Approval the 2019 ordinary financial statements, the 2019 ordinary consolidated financial statements and the proposal for the distribution of profit for the year 2019, including an indication of the amount and method of payment of profit shares (dividends);
4. Approval of the Remuneration Policy;
5. Election of Mr. Piotr Andrzej Cerek and Mr. Petr Šebek to the office of members of the Board of Directors;
6. Approval of the agreements on the performance of the office of members of the Board of Directors;
7. Election of Mr. Stefan Bauer to the office of a member of the Supervisory Board;
8. Approval of the agreements on the performance of the office of members of the Supervisory Board;
9. Election of Mr. Stefan Bauer to the office of a member of the Audit Committee;
10. Approval of the agreement on the performance of the office of member of the Audit Committee;
11. Appointment of the Company's auditor.

The following schedules form integral parts of these draft decisions:

1. Instructions for the *Per Rollam* Decision-Making;
2. Main Data of the Ordinary Financial Statements of the Company for the 2019 Calendar Year Accounting Period and main Data of the Ordinary Consolidated Financial Statements of the Company for the 2019 Calendar Year Accounting Period;
3. Proposal for the Distribution of Profit for the Year 2019;
4. Draft Remuneration Policy of the Company;
5. Template of the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board and Member of the Audit Committee;
6. Voting Form for the Company's Shareholders to Express Their Opinions on the Draft Decisions.

Voting on these draft decisions will be governed by the instructions for the *per rollam* decision-making, which form an integral part of these draft decisions and are attached as Schedule 1 to these draft decisions.

## Order of the individual draft decisions:

### 1. Approval of the Report of the Board of Directors on the Business Activities of the Company

#### Draft decision:

- 1.1. *"The Report of the Board of Directors on the Business Activities of the Company in the wording submitted by the Company's Board of Directors is hereby approved."*

#### Reasoning:

As in the previous years, the Board of Directors of the Company has prepared and submits to the shareholders the Report on the Business Activities of the Company in accordance with Section 436 (2) of the Business Corporations Act. The discussion on and approval of the Report of the Board of Directors on the Business Activities of the Company is based on the requirements set out in the Business Corporations Act and the Company's Articles of Association. The Report of the Board of Directors on the Business Activities of the Company is published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in section titled "For shareholders", and is also **contained in the Annual Report** of the Company for the 2019 calendar year accounting period (the "**Annual Report**") (see page 16 of the Annual Report). The Annual Report is published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in section titled "For shareholders", and is also available at: [https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocní-zpráva/vyrocní-zpráva-2019.pdf?sfvrsn=91ca20b4\\_4](https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocní-zpráva/vyrocní-zpráva-2019.pdf?sfvrsn=91ca20b4_4).

Furthermore, in accordance with the requirement set out in Section 118 (9) of the Capital Market Undertakings Act, the Board of Directors of the Company submits to the shareholders the Summary Explanatory Report concerning certain matters pursuant to Section 118 (5) (a) to (k) of Act No. 256/2004 Coll., on Undertakings on the Capital Market, as amended (the "**Capital Market Undertakings Act**"). This Summary Explanatory Report as well as the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and the Entities Controlled by the Same Controlling Entity (the "**Report on Relations**") prepared pursuant to Section 82 *et seq.* of the Business Corporations Act **are contained in the Annual Report**, and are submitted to the General Meeting, respectively to the Company's shareholders, through this Annual Report (see page 140 – Summary Explanatory Report, page 122 – Report on Relations).

The Board of Directors also arranged for the preparation of the ordinary financial statements of the Company for the 2019 calendar year accounting period and of the ordinary consolidated financial statements of the Company for the 2019 calendar year accounting period, and for the verification of these financial statements by an auditor, all in accordance with the relevant legal and accounting regulations which require the preparation of the said documents. The Board of Directors submits the

aforementioned documents, which also form part of the 2019 Annual Report, published in a manner allowing for remote access on the aforementioned website (the ordinary financial statements of the Company for the 2019 calendar year accounting period are available on p. 83 – 121 of the Annual Report and the ordinary consolidated financial statements of the Company for the 2019 calendar year accounting period are available on p. 39 – 81 of the Annual Report), to the General Meeting, respectively to the Company's shareholders. The main data of the ordinary financial statements of the Company for the 2019 calendar year accounting period and main data of the ordinary consolidated financial statements of the Company for the 2019 calendar year accounting period form integral parts of these draft decisions and are attached as Schedule 2 to these draft decisions.

The Company's economic result for the 2019 calendar year accounting period is a profit of CZK 4,032,159,202.88.

## **2. The Supervisory Board Report**

This point is not put to the vote and no decision is taken thereon. For the sake of completeness and the established practice of the Company and for the purpose of properly informing the Company's shareholders and acquainting them with the results of the supervisory activities performed by the Supervisory Board of the Company, the Board of Directors of the Company submits its statement on this point.

### Statement of the Company's Board of Directors:

During the entire calendar year 2019, the Supervisory Board monitored and evaluated the development and management of the Company's business, and in particular the Company's financial position and activities in this area. As part of its supervisory activities, the Supervisory Board also closely cooperated with another Company body, the Audit Committee of the Company, in all matters falling within the scope of these two bodies, including the appointment of the statutory auditor. Based on its findings, the Supervisory Board prepared a report on the results of its activities in the 2019 calendar year accounting period (the "**Supervisory Board Report**") in accordance with the applicable legal regulations and the Company's Articles of Association and submits it to the General Meeting, respectively to the Company's shareholders, for acknowledgement. The Supervisory Board Report is published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in section titled "For shareholders". In its report, the Supervisory Board states that it has not ascertained any failings and that it has no objections regarding the business activities, operation and activities of the Company or its bodies that are subject to supervision by the Supervisory Board.

The Supervisory Board also reviewed, in accordance with the applicable legal regulations, the Report on Relations for the year 2019, the 2019 ordinary financial statements, the 2019 ordinary consolidated financial statements, including the proposals of the Board of Directors for their approval, and the proposal for the distribution of profit for the year 2019,

including an indication of the amount and method of payment of profit shares (dividends). The Supervisory Board submits its statements on the aforementioned documents to the General Meeting, respectively to Company's shareholders, in accordance with the requirement set out in Section 83 (1) and Section 447 (3) of the Business Corporations Act through the Supervisory Board Report. The Board of Directors declares that the Supervisory Board did not raise any objections to the aforementioned documents. In the opinion of the Supervisory Board, the aforementioned documents have been prepared duly and in accordance with the relevant legal regulations and the Company's Articles of Association.

**3. Approval of the 2019 ordinary financial statements, the 2019 ordinary consolidated financial statements and the proposal for the distribution of profit for the year 2019, including an indication of the amount and method of payment of profit shares (dividends)**

3.1. *"The ordinary financial statements of the Company for the 2019 calendar year accounting period are hereby approved."*

3.2. *"The ordinary consolidated financial statements of the Company for the 2019 calendar year accounting period are hereby approved."*

3.3. *"The Company's after-tax profit for the 2019 calendar year accounting period in the amount of CZK 4,032,159,202.88 and a part of the retained earnings of the Company from prior years in the amount of CZK 250,642,957.12, i.e. in aggregate CZK 4,282,802,160.00, will be paid to the Company's shareholders as profit shares (dividends). The retained earnings from prior years in the amount of CZK 1,331,438.81 will remain undistributed. A gross profit share (dividend) of CZK 1,560.00 will thus be associated with each ordinary share of the Company with a nominal value of CZK 1,000, with the total number of these shares being 2,745,386. The date decisive for exercising profit share (dividend) rights is 18 May 2020; this means that the profit shares (dividends) will be paid to the shareholders holding shares of the Company as at 18 May 2020.*

*The shareholders will be paid their profit shares (dividends) through Česká spořitelna, a.s., a company whose registered office is in Prague 4, Olbrachtova 1929/62, postcode: 140 00, identification number: 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171.*

*Česká spořitelna, a.s. will send a "Notification of the Payment of Proceeds from Securities" to each shareholder in the Czech Republic and abroad by mail, in each case to the particular shareholder's address specified in the extract from the Issue Register of the Company maintained by the Central Securities Depository (Centrální depozitář cenných papírů, a.s.) as at 18 May 2020 in the case of book-entered shares and to the particular shareholder's address specified in the List of the Company's Shareholders as at 18 May 2020 in the case of certificated shares.*

*Profit shares (dividends) will be paid to the shareholders who are individuals during the respective payment period via a wireless cash*

*transfer, in each case to the particular shareholder's account specified in the List of the Company's Shareholders. Profit shares (dividends) will be paid to the shareholders who are individuals holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the beneficial owner. In the case of shareholders who are individuals with their permanent residence in the territory of the Czech Republic, the profit shares (dividends) may also be paid at branches of Česká spořitelna, a.s. in cash, subject to the presentation of a valid ID card. If a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, that shareholder will be obliged to submit, along with presentation of that shareholder's valid ID card, a certificate of that shareholder's tax domicile and a declaration of the beneficial owner.*

*The payment period will last from 22 July 2020 to 31 May 2021. All information regarding the payment of profit shares (dividends) to shareholders will be provided at the branches of Česká spořitelna, a.s.*

*Shareholders who are legal entities will also be paid profit shares (dividends) through Česká spořitelna, a.s. in accordance with the rules defined above.*

*Profit shares (dividends) will be paid to the shareholders who are legal entities via a wireless cash transfer to the bank accounts of the shareholders specified in the List of the Company's Shareholders. Profit shares (dividends) will be paid to the shareholders who are legal entities holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the beneficial owner.*

*Contact persons at Česká spořitelna, a.s.:*

*8430 Back Office for Investment Products*

*Naděžda Šmídová*

*E-mail: [nsmidova@csas.cz](mailto:nsmidova@csas.cz)*

*Milan Williams*

*E-mail: [mwilliams@csas.cz](mailto:mwilliams@csas.cz)*

*Telephone: 956 765 438*

*Contact address for the delivery of documents for payments:*

*8430 Back Office for Investment Products*

*Budějovická 1518/13b*

*140 00 Prague 4"*

### Reasoning:

The discussion on and approval of the ordinary financial statements and ordinary consolidated financial statements is based on the requirements set out in the Business Corporations Act and the Company's Articles of Association. The Company has an obligation to prepare the aforementioned documents annually and the Board of Directors submits the documents for approval to the General Meeting of the Company in accordance with the Business Corporations Act. The ordinary financial statements and ordinary consolidated financial statements give a true and fair picture of the affairs and transfers of property and other assets, liabilities and other liability items, expenses and earnings, and economic results of the Company and the consolidated unit of the Company. Both the ordinary financial statements and ordinary consolidated financial statements have been approved by the Company's auditor without any objections and reviewed by the Supervisory Board, which did not find any deficiencies and, therefore, recommends them to the General Meeting for approval (see the Supervisory Board Report under point 2 of this document).

The decision-making on the distribution of the Company's profit lies with the Company's General Meeting pursuant to the Business Corporations Act and the Company's Articles of Association. A share in profit (dividend) is determined on the basis of the ordinary financial statements approved by the Company's General Meeting. The Board of Directors proposes to distribute the profit for the year 2019 in the amount which corresponds to the requirements of the Business Corporations Act and the Company's Articles of Association. The amount of the profit to be distributed is stated in the draft decisions. This draft specifies the amount of the profit share (dividend) per each share as well as other information for the payment of the profit shares (dividends), i.e. the date decisive for exercising profit share (dividend) rights and method of payment of the profit shares (dividends). In the view of the Board of Directors, the proposed payment reflects the achieved economic results, financial possibilities and needs of the Company; in particular, the exercise of the shareholder rights to the payment of the proposed amount shall not limit any current or intended future activities of the Company. The Supervisory Board has reviewed the Board of Directors' proposal and recommends it to the General Meeting for approval (see the Supervisory Board Report under point 2 of this document). The proposal for the distribution of the Company's profit generated in 2019, including a schedule of payments of the shareholders' shares in the Company's profit (dividends), the period and method of such payments and information on the financial institution which will make the payments of the profit shares (dividends), forms an integral part of these draft decisions and is attached as Schedule 3 to these draft decisions.

## **4. Approval of the Remuneration Policy**

### Draft decision:

- 4.1. *"The Remuneration Policy of the Company in the wording submitted by the Board of Directors of the Company is hereby approved."*

### Reasoning:

The reason for adoption of the proposed Remuneration Policy of the Company is the transposition into Czech law of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the support of long-term shareholder engagement. Act No. 204/2019 Coll., amending certain laws relating to the support of exercise of shareholders' rights, has amended the Capital Market Undertakings Act. Pursuant to the requirements of Section 121k of the Capital Market Undertakings Act, the issuer of shares or any similar securities admitted to trading on the European regulated market is obliged to adopt a remuneration policy.

Under Section 121k of the Capital Market Undertakings Act, the Board of Directors is obliged to submit a draft of the Remuneration Policy of the Company to the General Meeting for approval no later than at the first General Meeting approving the financial statements of the issuer which is held after the expiry of 90 days from the effective date of the aforementioned Act No. 204/2019 Coll., i.e. from 1 October 2019. For this reason, the draft of the Company's Remuneration Policy is submitted for approval to the General Meeting now.

The wording of the Remuneration Policy submitted by the Board of Directors to the General Meeting, respectively to the shareholders, is published in a manner allowing for remote access at the following website: <http://www.philipmorris.cz>, in section titled "For shareholders". The proposed wording of the Remuneration Policy will also be available for view to each shareholder free of charge at the registered office of the Company, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, on business days between 2:00 p.m. and 5:00 p.m. from 5 May 2020 to 30 June 2020. Any shareholder is entitled to request sending a copy of the proposed wording of the Remuneration Policy at that shareholder's own expense and risk.

The draft Remuneration Policy forms an integral part of these draft decisions and is attached as Schedule 4 to these draft decisions.

The Remuneration Policy will become effective on the date of its approval by the General Meeting.

## **5. Election of Mr. Piotr Andrzej Cerek and Mr. Petr Šebek to the office of members of the Board of Directors**

### Draft decisions:

- 5.1. *"Mr. Piotr Andrzej Cerek, born on 7 June 1967, residing at 31-881 Krakow, Markowskiego 6/10, Poland, is elected as a member of the Board of Directors of the Company."*
- 5.2. *"Mr. Petr Šebek, born on 10 November 1973, residing at Mlýnská 228/9, 252 62 Únětice, Czech Republic, is elected as a member of the Board of Directors of the Company."*



Reasoning:

The proposed members of the Board of Directors meet the requirements arising from the Business Corporations Act concerning the performance of office by members of the Board of Directors. In view of their experience and qualifications, the proposed members of the Board of Directors are suitable candidates for the aforementioned offices in the Board of Directors.

The election of Mr. Piotr Andrzej Cerek to the office of a member of the Board of Directors of the Company is proposed with regard to the fact that, on 23 September 2019, he was appointed, in accordance with Article 14 (4) of the Company's Articles of Association, a substitute (co-opted) member of the Board of Directors until the next General Meeting (or, more precisely in this case, until the decision-making of the General Meeting performed outside the General Meeting (*per rollam*)).

The election of Mr. Petr Šebek to the office of a member of the Board of Directors of the Company is proposed with regard to the fact that, on 20 January 2020, he was appointed, in accordance with Article 14 (4) of the Company's Articles of Association, a substitute (co-opted) member of the Board of Directors until the next General Meeting of the Company (or, more precisely in this case, until the decision-making of the General Meeting performed outside the General Meeting (*per rollam*)).

As the General Meeting of the Company is not held and the decision-making process is performed in accordance with Section 418 of the Business Corporations Act, in conjunction with Section 19 (1) of Lex Covid, outside the General Meeting of the Company (*per rollam*), the Board of Directors of the Company proposes that the decision on the election of the aforementioned members of the Board of Directors of the Company be adopted outside the General Meeting of the Company. The terms of office of the substitute (co-opted) members of the Board of Directors established by co-optation will expire upon the re-election of the substitute (co-opted) members as members of the Board of Directors, as a result of which their new terms of office will begin.

**6. Approval of the agreements on the performance of the office of members of the Board of Directors**

Draft decision:

- 6.1. *"The Agreement on the Performance of the Office of Member of the Board of Directors entered into between Philip Morris ČR a.s. and a member of the Board of Directors of Philip Morris ČR a.s., Mr. Piotr Andrzej Cerek, on 23 March 2020 is hereby approved."*
- 6.2. *"The Agreement on the Performance of the Office of Member of the Board of Directors entered into between Philip Morris ČR a.s. and a member of the Board of Directors of Philip Morris ČR a.s., Mr. Petr Šebek, on 23 March 2020 is hereby approved."*

### Reasoning:

The Agreement on the Performance of the Office represents a standard instrument defining the mutual rights and obligations of the Company and a member of the Board of Directors and represents one of the motivating instruments for the performance of office by a member of the Board of Directors. The approval of the Agreements on the Performance of the Office entered into with members of the Board of Directors falls within the authority of the Company's General Meeting. The Agreements on the Performance of the Office of Members of the Board of Directors submitted to the General Meeting for approval are based on the standard template of the Agreement on the Performance of the Office used by the Company and respect the existing practice within the Company while taking into consideration the requirements set out in the Business Corporations Act. The Agreements on the Performance of the Office of Members of the Board of Directors were (after the relevant identification data had been filled in) entered into based on the template which forms an integral part of these draft decisions as Schedule 5 of these draft decisions. The Agreements on the Performance of the Office entered into with the individual members of the Board of Directors are available at the Company's registered office, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, on business days from 5 May 2020 to 30 June 2020, always between 2 p.m. and 5 p.m., and at <http://www.philipmorris.cz>, in section titled "For Shareholders".

## **7. Election of Mr. Stefan Bauer to the office of a member of the Supervisory Board**

### Draft decision:

- 7.1. *"Mr. Stefan Bauer, born on 24 June 1971, residing at Sentier du Lycee 8 A, 1009 Pully, Swiss Confederation, is elected as a member of the Supervisory Board of the Company."*

### Reasoning:

The proposed member of the Supervisory Board meets the requirements arising from the Business Corporations Act concerning the performance of office by a member of the Supervisory Board. In view of his experience and qualifications, the proposed member of the Supervisory Board is a suitable candidate for the aforementioned office in the Supervisory Board.

The election of Mr. Stefan Bauer to the office of a member of the Supervisory Board of the Company is proposed with regard to the fact that, on 23 September 2019, he was appointed, in accordance with Article 17 (2) of the Company's Articles of Association, a substitute (co-opted) member of the Supervisory Board until the next General Meeting of the Company (or, more precisely in this case, until the decision-making of the General Meeting performed outside the General Meeting (*per rollam*)).

As the General Meeting of the Company is not held and the decision-making process is performed in accordance with Section 418 of the Business Corporations Act, in conjunction with Section 19 (1) of Lex Covid, outside the General Meeting of the Company (*per rollam*), the Board of Directors of the Company proposes that the decision on the election of the aforementioned member of the Supervisory Board be

adopted outside the General Meeting of the Company. The term of office of the substitute (co-opted) member of the Supervisory Board established by co-optation will expire upon the re-election of the substitute (co-opted) member as a member of the Supervisory Board, as a result of which his new term of office will begin.

## **8. Approval of the agreements on the performance of the office of members of the Supervisory Board**

### Draft decision:

- 8.1. *“The Agreement on the Performance of the Office of Member of the Supervisory Board entered into between Philip Morris ČR a.s. and a member of the Supervisory Board of Philip Morris ČR a.s., Mr. Stefan Bauer, on 23 March 2020 is hereby approved.”*
- 8.2. *“The Agreement on the Performance of the Office of Member of the Supervisory Board entered into between Philip Morris ČR a.s. and a member of the Supervisory Board of Philip Morris ČR a.s., Mr. Richard Vašíček, on 23 March 2020 is hereby approved.”*

### Reasoning:

The Agreement on the Performance of the Office of Member of the Supervisory Board with Mr. Richard Vašíček is approved with regard to the resignation of Mr. Ondřej Süßer from the office of a member of the Supervisory Board elected by the Company's employees. In accordance with the Election Rules applicable to the election and recall of members of the Supervisory Board of Philip Morris ČR a.s. by employees, Mr. Richard Vašíček became a new member of the Supervisory Board elected by the Company's employees on 10 December 2019, and he is thus not elected by the Company's General Meeting.

The Agreement on the Performance of the Office represents a standard instrument defining the mutual rights and obligations of the Company and a member of the Supervisory Board and represents one of the motivating instruments for the performance of office by a member of the Supervisory Board. The approval of the Agreement on the Performance of the Office entered into with a member of the Supervisory Board falls within the authority of the Company's General Meeting. The Agreement on the Performance of the Office of Member of the Supervisory Board submitted to the General Meeting for approval is based on the standard template of the Agreement on the Performance of the Office used by the Company and respects the existing practice within the Company while taking into consideration the requirements set out in the Business Corporations Act. The Agreement on the Performance of the Office of Member of the Supervisory Board was (after the relevant identification data had been filled in) entered into based on the template which forms an integral part of these draft decisions and it attached as Schedule 5 of these draft decisions. The Agreements on the Performance of the Office entered into with the individual members of the Supervisory Board are available at the Company's registered office, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, on business days from 5 May 2020 to 30 June 2020, always between 2 p.m. and 5 p.m., and at <http://www.philipmorris.cz>, in section titled "For Shareholders".

## **9. Election of Mr. Stefan Bauer to the office of a member of the Audit Committee**

### Draft decision:

- 9.1. *“Mr. Stefan Bauer, born on 24 June 1971, residing at Sentier du Lycee 8 A, 1009 Pully, Swiss Confederation, is elected as a member of the Audit Committee of the Company.”*

### Reasoning:

The proposed member of the Audit Committee meets the requirements arising from the Act on Auditors and the Company's Articles of Association. In view of his experience and qualifications, the proposed member of the Audit Committee is a suitable candidate for the aforementioned office in the Audit Committee.

The election of Mr. Stefan Bauer to the office of a member of the Audit Committee of the Company is proposed with regard to the fact that, on 23 September 2019, he was appointed, in accordance with Article 20 (4) of the Company's Articles of Association, a substitute (co-opted) member of the Audit Committee until the next General Meeting of the Company (or, more precisely in this case, until the decision-making of the General Meeting performed outside the General Meeting (*per rollam*)).

As the General Meeting of the Company is not held and the decision-making process is performed in accordance with Section 418 of the Business Corporations Act, in conjunction with Section 19 (1) of Lex Covid, outside the General Meeting of the Company (*per rollam*), the Board of Directors of the Company proposes that the decision on the election of the aforementioned member of the Audit Committee be adopted outside the General Meeting of the Company. The term of office of the substitute (co-opted) member of the Audit Committee established by co-optation will expire upon the re-election of the substitute (co-opted) member as a member of the Audit Committee, as a result of which his new term of office will begin.

## **10. Approval of the agreement on the performance of the office of member of the Audit Committee**

### Draft decision:

- 10.1. *“The Agreement on the Performance of the Office of Member of the Audit Committee entered into between Philip Morris ČR a.s. and a member of the Audit Committee of Philip Morris ČR a.s., Mr. Stefan Bauer, on 23 March 2020 is hereby approved.”*

### Reasoning:

The Agreement on the Performance of the Office represents a standard instrument defining the mutual rights and obligations of the Company and a member of the Audit Committee and represents one of the motivating instruments for the performance of office by a member of the Audit Committee. The approval of the Agreement on the Performance of the Office entered into with a member of the Audit Committee falls within the authority of the Company's General Meeting. The Agreement on the

Performance of the Office of Member of the Audit Committee submitted to the General Meeting for approval is based on the standard template of the Agreement on the Performance of the Office used by the Company and respects the existing practice within the Company while taking into consideration the requirements set out in the Business Corporations Act. The Agreement on the Performance of the Office of Member of the Audit Committee was (after the relevant identification data had been filled in) entered into based on the template which forms an integral part of these draft decisions as is attached as Schedule 5 of these draft decisions. The Agreements on the Performance of the Office entered into with the individual members of the Audit Committee are available at the Company's registered office, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, on business days from 5 May 2020 to 30 June 2020, always between 2 p.m. and 5 p.m., and at <http://www.philipmorris.cz>, in section titled "For Shareholders".

## **11. Appointment of the Company's auditor**

### Draft decision:

*11.1. "PricewaterhouseCoopers Audit, s.r.o., whose registered office is at Hvězdova 1734/2c, Nusle, 140 00 Prague 4, Czech Republic, identification number: 407 65 521, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 3637, is appointed as the auditor of the Company for the 2020 calendar year accounting period."*

### Reasoning:

The authority to appoint the Company's auditor lies with the General Meeting of the Company in accordance with the Act on Auditors and the Company's Articles of Association. The proposed auditor is a recognised company with sufficient capacity and expertise and it meets the requirements arising from law; it was the Company's auditor in the past and it was recommended by the Audit Committee to the Supervisory Board, which has proposed this auditor to the General Meeting. The proposed auditor has therefore sufficient and detailed knowledge of the Company's needs and operation and, in view of its experience and qualifications, it is a suitable candidate to be appointed as the auditor of the Company for the year 2020.

**The Board of Directors hereby requests the shareholders to provide their opinions on the aforementioned draft decisions by each of them filling in the voting form for the shareholder's opinion on the draft decisions, which forms an integral part of these draft decisions and is attached as Schedule 6 to these draft decisions, and delivering the filled voting form to the Company in accordance with the instruction for the *per rollam* decision-making, which form an integral part of these draft decisions and are attached as Schedule 1.**

**The filled voting forms must be delivered to the Company no later than on 30 June 2020. Completed Voting Forms that are sent but not delivered to the Company within the set period (i.e. by 30 June 2020) will not be taken into account. If a shareholder does not deliver that shareholder's consent to the draft decisions within the set period (i.e. by 30 June 2020), in accordance**

**with Section 419 (1) of the Business Corporations Act, it means that the shareholder does not agree with the draft decisions. The Company's shareholders will be informed of the results of the voting by the Company's shareholders outside the meeting of the General Meeting of the Company in accordance with legal regulations on 8 July 2020.**

In Kutná Hora, on 4 May 2020

**Philip Morris ČR a.s.**



Andrea Gontkovičová  
Chairperson of the Board of Directors

**Philip Morris ČR a.s.**



Petr Šedivec  
Member of the Board of Directors

## SCHEDULE 1

### Instructions for the *Per Rollam* Decision-Making



PHILIP MORRIS ČR

The Board of Directors of

**Philip Morris ČR a.s.,**

whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,

identification number: 14803534,

registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 627  
(the "**Company**"),

hereby in accordance with Section 418 et seq. of Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Act on Business Corporations), as amended (the "**Business Corporations Act**"),  
in conjunction with Section 19 of Act No. 191/2020 Coll., on Certain Measures to Mitigate Impacts of the SARS CoV-2 Coronavirus Epidemic on Litigants, Aggrieved Parties, Victims of Crime and Legal Entities and on Amendment of the Insolvency Act and the Civil Procedure Code ("**Lex Covid**"),

sets out these

### **instructions for the decision-making by the General Meeting of the Company outside the meeting ("*per rollam*")**

(the "***Per Rollam* Instructions**")

#### **Article 1**

##### **Basic Provisions**

1. These *Per Rollam* Instructions, in conjunction with the Business Corporations Act and Lex Covid, regulate the rules for proving the authorisation of the General Meeting of the Company to make decisions outside the meeting (the "***per rollam* decision-making**"), the method of exercising shareholders' rights and the voting rules within the *per rollam* decision-making, including rules for the delivery of documents.
2. The *per rollam* decision-making consists in the exercise of voting and other shareholder rights in writing without the personal participation of shareholders at the General Meeting, through written submissions delivered to the Company. The *per rollam* decision-making takes place in three steps: (1) distribution of the draft decisions; (2) delivery of the shareholders' opinions on the draft decisions; and (3) announcement of the voting results and date of adoption of the decisions to the shareholders. A decision taken *per rollam* is a decision of the General Meeting as the supreme body of the Company, taken outside the General Meeting.
3. For the purposes of these *Per Rollam* Instructions, the term "shareholder" also includes any representative (proxy) of the shareholder, unless stipulated otherwise below or unless the meaning of the particular provision requires otherwise.
4. If these *Per Rollam* Instructions are not complied with in the exercise of shareholder rights, the legal acts of the shareholders will not be taken into account, unless stipulated otherwise below. If, in exercising the right to vote, the non-compliance with the instructions only relates to one of the draft decisions, the legal acts of the particular shareholder will not be taken into account in relation to the relevant point regarding which the shareholder did not comply with the *Per Rollam* Instructions.
5. Unless stipulated otherwise below, the timing of the *per rollam* decision-making is specified in the timetable of the *per rollam* decision-making which forms part of the information of the Board of Directors on its decision to perform the decision-making of the General Meeting outside the meeting ("*per rollam*"), which is published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in section titled

“For shareholders” (the “**Website**”). Terms related to the timing of the *per rollam* decision-making used in these *Per Rollam* Instructions have the same meaning as defined in the aforementioned timetable.

## Article 2

### Organisation of the *Per Rollam* Decision-Making

1. The organiser of the *per rollam* decision-making is ADMINISTER, spol. s r.o., whose registered office is at Husova 109/19, Kutná Hora – Vnitřní Město, 28401 Kutná Hora, identification number 47551054 (the “**Organiser**”). The Organiser arranges for the Company the receipt and sending of documents, counting of votes, and evaluation of the *per rollam* decision-making.
2. Any person who is a shareholder of the Company as at the date decisive for the *per rollam* decision-making (the “**Decisive Date**”) has the right to participate in the *per rollam* decision-making and exercise shareholder rights. In the case of the Company’s book-entered shares, the shareholder entitled to exercise voting and other shareholder rights, directly or by proxy, is any shareholder who is listed in the extract from the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation as at the Decisive Date. In the case of the Company’s certificated shares (securities), the shareholder entitled to exercise voting and other shareholder rights, directly or by proxy, is any shareholder listed in the List of Shareholders of the Company as at the Decisive Date (unless it is proven that the relevant entry in the List of Shareholders as at that date does not reflect the actual state of affairs). An extract from the Register of Book-Entered Securities and from the List of Shareholders will be provided by the Company.
3. The form to exercise the voting rights (the “**Voting Form**”) will be sent to persons who are shareholders as at the Decisive Date via a mail service provider together with draft decisions and other background documents for the *per rollam* decision-making (the “**Draft Decisions**”) to the addresses specified in the Register of Book-Entered Securities or in the List of Shareholders. The background documents for the *per rollam* decision-making are published on the Website, where they will be available to the shareholders throughout the period of the *per rollam* decision-making. If a shareholder is represented in the exercise of that shareholder’s rights associated with shares issued as book-entered securities by a person registered as at the Decisive Date in the Register of Investment Instruments or in the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation, as an administrator or as a person authorised to exercise rights associated with shares in accordance with Article 3 (7) of these *Per Rollam* Instructions, the Voting Form shall also be sent, including the Draft Decisions and other background documents for the *per rollam* decision-making, to the relevant representative (proxy) to the address specified in the respective register.

## Article 3

### Proving the Authorisation to Perform the *Per Rollam* Decision-Making

1. A shareholder – individual who was a shareholder of the Company as at the Decisive Date proves that shareholder’s authorisation to perform the *per rollam* decision-making by means of an officially verified signature on the Voting Form. If a shareholder is represented by a proxy, the proxy is obliged to attach to the Voting Form a written power of attorney to represent the shareholder in the exercise of that shareholder’s voting and other shareholder rights within the *per rollam* decision-making (the “**Power of Attorney**”) with an officially verified signature of the proxy, unless stipulated otherwise below. If a Voting Form or a Power of Attorney is signed before foreign authorities or institutions, or if verification clauses of any foreign authorities or institutions are attached to a Voting Form or a Power of Attorney, an apostille or any other clause or verification required in official communication by the Czech authorities in the case of similar foreign documents must be attached to those documents. If a Power of Attorney or any of the said clauses or verifications is made in a foreign language (with the exception of Slovak), an official translation thereof into the Czech language must be attached to it.
2. In the case of a shareholder – legal entity who was a shareholder of the Company as at the Decisive Date, the person authorised to act on behalf of the shareholder proves that person’s authorisation by that person’s officially verified signature on the Voting Form and by the original or an officially verified copy of the up-to-date extract related to that entity from the Commercial Register or any other relevant register (not older than 3 months) proving the existence of the legal entity and certifying that person’s right to act on behalf of the legal entity. If the shareholder is represented by a proxy, the proxy is obliged to attach to the Voting Form a written Power of Attorney with an officially verified signature of the proxy – the person representing the principal, unless stipulated otherwise below. If a Voting Form, a Power of Attorney or an extract from the Commercial Register or any other relevant register is signed before or made by foreign authorities or institutions, or if



verification clauses of any foreign authorities or institutions are attached to a Voting Form, a Power of Attorney or an extract, an apostille or any other clause or verification required in official communication by the Czech authorities in the case of similar foreign documents must be attached to those documents. If any of the aforementioned documents, clauses or verifications is made in a foreign language (with the exception of Slovak), an official translation thereof into the Czech language must be attached to it.

3. An officially verified signature on the Voting Form can be replaced by an electronic signature in certain pre-defined cases. Electronic signature means a recognised electronic signature within the meaning of Act No. 297/2016 Coll., on Services Creating Trust in Electronic Transactions, i.e. a guaranteed electronic signature based on a qualified certificate for electronic signature or qualified electronic signature (the “**electronic signature**”).
4. To grant a written Power of Attorney, shareholders may also use a form which is published on the Company's Website and at the Company's registered office. Any shareholder has the right to request the sending of a Power of Attorney form in printed form or by electronic means at that shareholder's own expense and risk.
5. Any communications concerning the granting of any Powers of Attorney as well as of their revocations by the relevant principal(s) may only be delivered to the Company in writing, by any of the delivery methods set out in the rules for the delivery of documents pursuant to Article 6 of these *Per Rollam* Instructions and with any formal requirements stipulated therein (including the authorised conversion). For the purpose of seamless processing, it is requested that the relevant matter be properly identified in the subject of the relevant message, namely as a “*Per Rollam* Power of Attorney”. If any such notification does not allow the Company to assess the compliance of the Power of Attorney with statutory requirements or to unambiguously identify the signatory (especially if no electronic signature as defined above) is attached to the Power of Attorney), the Company is entitled to request additional information to verify the particular shareholder's representation.
6. Shareholders may also be represented in the exercise of rights associated with shares issued as book-entered securities by a person registered as at the Decisive Date in the Register of Investment Instruments or in the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation, as an administrator or as a person authorised to exercise rights associated with shares. Instead of a Power of Attorney, such a person proves that person's identity with an extract from the Register of Investment Instruments or an extract from the Register of Book-Entered Securities. The aforementioned extract must indicate the authorisation of the relevant person to represent and exercise the rights of the shareholder.
7. The rules governing representation (or the exercise of shareholder rights) by an administrator or a person authorised to exercise rights associated with shares on behalf of a shareholder contained in paragraph 6 of this article will not apply if the Company is delivered, in a manner and to the addresses specified in Article 6 (2) of these *Per Rollam* Instructions, a manifestation of the shareholder's will to recall or limit that shareholder's representation so that the representation in the *per rollam* decision-making is not permitted within the given scope, or if the shareholder exercises that shareholder's voting right directly and not through an administrator.

## Article 4

### Manner of Exercising Shareholders' Rights

1. Each shareholder exercises that shareholder's rights in person or by proxy, unless legal regulations stipulate otherwise. Each shareholder is therefore entitled, in accordance with legal regulations, to participate in the *per rollam* decision-making and to vote, and has the right to request and receive from the Company explanations of matters concerning the Company or its controlled persons, if such explanations are necessary for the assessment of matters included in the *per rollam* decision-making or for the exercise of shareholder rights related thereto. The raising of proposals and counter-proposals by a shareholder is not permitted, except for the rights of a qualified shareholder under Article 9 of these *Per Rollam* Instructions. Shareholder rights are only exercised in writing.

## Article 5

### **Rules for Voting within the *Per Rollam* Decision-Making**

1. The registered capital of the Company amounts to CZK 2,745,386,000 (in words: two billion seven hundred and forty-five million three hundred and eighty-six thousand Czech crowns). The Company issued 1,913,698 ordinary registered book-entered shares (which constitute book-entered securities) and 831,688 ordinary registered shares (which constitute certificated securities), i.e. a total of 2,745,386 shares with a nominal value of CZK 1,000 each, as at the Decisive Date. Each share of the Company is associated with one vote for the *per rollam* decision-making, i.e. the total number of votes is 2,745,386 votes. The majority decisive for the adoption of all decisions (i.e. the absolute majority) is calculated from the total number of votes of all shareholders of the Company.
2. The exercise of the voting right within the *per rollam* decision-making is only performed in writing, namely in printed form or in electronic form pursuant to Article 6 of these *Per Rollam* Instructions (due to the necessity of legal certainty in connection with the proper identification of shareholders, no other forms of voting using any other technical means, e.g. a telephone, are permitted). The shareholders or their proxies will express their opinions on the Draft Decisions and vote on them only using the Voting Form intended for the shareholders' opinions on the Draft Decisions, which forms part of the Draft Decisions. The Voting Form delivered to the Company's shareholder via a mail service provider as well as the Voting Form published on the Website as at the date on which the Draft Decisions are sent to the Company's shareholders can be used for voting. It is necessary to print out the Voting Form published on the Website and complete it.
3. Voting begins on the day on which the Draft Decisions are sent to the shareholders. As of the day on which the Draft Decisions are sent, the Voting Forms will also be published on the Website. The proposal(s) of the Board of Directors or the Supervisory Board, or counter-proposal(s) of the Board of Directors or the Supervisory Board raised in connection with any proposal(s) of a shareholder or shareholders holding shares with an aggregate nominal value of at least 1% of the registered capital, are voted on first.
4. Each of the shareholders will vote on the Draft Decisions by completing the Voting Form and delivering the completed Voting Form to the Company in writing in accordance with the rules for the delivery of documents set out in Article 6 of these *Per Rollam* Instructions. In order for the Voting Form to be taken into account, it must be delivered within the period for the delivery of the shareholder's *per rollam* opinion on the Draft Decisions (the "**Voting Period**"). If a shareholder does not deliver the completed Voting Form within the Voting Period, it means that the shareholder does not agree with all Draft Decisions. If a shareholder does not wish to participate in the *per rollam* decision-making, that shareholder does not need to complete the Voting Form and send it to the Company. This means then that the shareholder does not agree with the Draft Decisions.
5. Each shareholder shall state the following information on the Voting Form:
  - a. that shareholder's name, surname, date of birth and residence address, if the shareholder is an individual, or that shareholder's trade or business name, registered office, identification number (and in the case of foreign entities a similar registration number, if assigned) and details of its acting person (if a legal entity);
  - b. the number of shares with which the shareholder participates in the voting. If the number of shares is not specified in the Voting Form or if the number of shares is higher than that resulting from the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date, the shareholder will participate in the *per rollam* decision-making to the extent of the shares specified in the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date. If a lower number of shares is specified in the Voting Form than that resulting from the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date, the shareholder will participate in the *per rollam* decision-making to the extent of that lower number of shares specified in the Voting Form;
  - c. marking one of the "IN FAVOUR" or "AGAINST" options with a cross at the relevant point of the respective Draft Decision, or not marking either of these two options. The shareholder's consent is expressed by marking the option "IN FAVOUR", and the shareholder's dissent is expressed by marking the option "AGAINST" or by not marking either of the two options. If the shareholder does not agree with the content of all Draft Decisions, that shareholder does not need to complete the Voting Form and send it to the Company. This means then that the shareholder does not agree with the Draft Decisions;
  - d. a handwritten signature of the shareholder, either with official verification or in the form of an electronic signature in accordance with the rules for the delivery of documents pursuant to Article 6 of these *Per Rollam* Instructions. In accordance with Article 6 (2) (b) of these *Per Rollam* Instructions, the official verification of a signature on the Voting Form is not required if the Voting Form is sent via a data box.

6. The shareholder is not entitled to change the Voting Form in any manner or otherwise interfere with it, with the exception of stating on it that the amendment constitutes a change or revocation of a vote cast earlier pursuant to paragraphs 8 and 9 of this article. If the text in the Voting Form is changed, crossed out or rewritten by the shareholder, the Voting Form will be invalid in the particular point or points of voting so amended and that shareholder's vote on the particular point or points will not be taken into account. If the shareholder's will is not clearly apparent from the Voting Form, i.e. if it is not clearly apparent from the Voting Form whether the shareholder has marked the option "IN FAVOUR" or "AGAINST", or if the shareholder has not indicated either of the options (e.g. both options are selected or the vote is confusing for any other reason), the Voting Form will be invalid in this point and the vote on this point will not be taken into account.
7. Manifestations of will of shareholders that are not expressed in the Voting Form issued by the Company are invalid and will not be taken into account. Voting Forms that are torn are also invalid. Damage to or folding of the Voting Form does not affect its validity if the voting information is clearly shown in the Voting Form. The vote is invalid if several Voting Forms are contained in one envelope, with the exception of split voting (as defined below).
8. The shareholder has the right to revoke or change that shareholder's vote that has already been cast, in writing on a new Voting Form delivered to the Company in accordance with the rules for the delivery of documents set out in Article 6 of these *Per Rollam* Instructions. In order for the new Voting Form to be taken into account, it must be delivered to the Company within the Voting Period. New Voting Forms received after this period will not be taken into account. On the new Voting Form, the shareholder will express that shareholder's will by marking one of the options "IN FAVOUR" or "AGAINST" with a cross at the relevant point of the respective Draft Decision or by not marking either of the two options. If the shareholder does not mark either of the two options, it means that the shareholder does not agree with the Draft Decisions. The voting rules set out above will apply mutatis mutandis.
9. A shareholder does not have to exercise the voting rights associated with all of that shareholder's shares in the same manner; this also applies to that shareholder's attorneys. If a shareholder wishes to exercise the voting rights associated with a part of that shareholder's shares only (the "**split voting**"), that shareholder will specify in the Voting Form the number of that shareholder's shares with which that shareholder is voting. For split voting, a shareholder may use several Voting Forms available on the Website and may send them to the Company in one envelope. If the sum of shares specified in all Voting Forms exceeds the number of shares of that shareholder as stated in the relevant register as at the Decisive Date, none of the Voting Forms will be taken into account. The possibility of revocation and change will apply mutatis mutandis to the split voting pursuant to Article 5 (8) of these *Per Rollam* Instructions. However, in the event of a revocation or change, the shareholder may only use such distribution of that shareholder's votes which that shareholder used at the time when that shareholder first exercised the split voting option. The split voting option will be first exercised when the original split voting results (before any change or revocation thereof) are delivered to the Company. If the sum of the shares specified in the new Voting Forms exceeds the number of the shares as listed in the relevant register as at the Decisive Date, no Voting Form will be taken into account. In order for the new Voting Form (new Voting Forms) to be taken into account, it (they) must be delivered to the Company within the Voting Period. New Voting Forms received after this period will not be taken into account. It must be clear from the new Voting Form that this is a revocation or change of vote.
10. The signature on the Voting Form must be officially verified. If the Voting Form is signed before foreign authorities or institutions or if verification clauses of any foreign authorities or institutions are attached to it, an apostille or any other clause or verification in accordance with Article 3 of these *Per Rollam* Instructions must be attached to it. The Voting Form becomes complete when an apostille or any other clause (if required) is attached. If the signature on the Voting Form is not officially verified or if no apostille or any other clause is attached to it, the Voting Form will be considered invalid and will not be taken into account. Likewise, those Voting Forms will not be taken into account to which no documents proving the authorisation to perform the *per rollam* decision-making in accordance with Article 3 of these *Per Rollam* Instructions are attached, i.e. a Power of Attorney in the case of a shareholder's proxy, or an extract from the Commercial Register or any other relevant register in the case of a shareholder – legal entity. Article 5 (5) (d) of these *Per Rollam* Instructions will also apply to the official verification of a signature on the Voting Form.

## Article 6

### Rules for the Delivery of Documents

1. A shareholder's vote is effective vis-à-vis the Company upon the timely delivery of the Voting Form meeting the specified formal requirements, including the documents proving the shareholder's authorisation to perform the *per rollam* decision-making in accordance with Article 3 of these *Per Rollam* Instructions. Only a Voting Form with the relevant documents attached constitutes a complete Voting Form. No incomplete or late Voting Forms will be taken into account. If a shareholder does not submit that shareholder's consent

to the Draft Decision(s) within the Voting Period, this means that the shareholder does not agree with the Draft Decision(s).

2. The complete Voting Form can be delivered to the Company in writing in the following manners:
  - a. by sending the Voting Form, including all attachments, via a mail service provider to the address of the Organiser, ADMINISTER, spol. s r.o., i.e. located at Husova 109/19, Kutná Hora – Vnitřní Město, 28401 Kutná Hora;
  - b. by sending the Voting Form, including all attachments, to the Organiser's data box, whose address (ID) is: j3sjbnj. The signature on the Voting Form does not need to be officially verified in the case of the sending via the data box. All other attachments (e.g. Powers of Attorney, extracts from the Commercial Register) sent via the data box must be converted by means of the authorised document conversion that is provided, inter alia, by the contact points of the Czech Point public administration;
  - c. by sending the Voting Form, including all attachments, to the following e-mail address: [philipmorriscr@per-rollam.cz](mailto:philipmorriscr@per-rollam.cz), in any of the following manners:
    - i. by e-mail without an electronic signature: the Voting Form including the official verification of the signature must be converted by means of the authorised document conversion that is provided, inter alia, by the contact points of the Czech Point public administration;
    - ii. by e-mail with an electronic signature: in such a case, the official verification of the signature on the Voting Form can be replaced by an electronic signature attached to a pdf form that has been completed manually and signed with a handwritten signature. All other attachments (e.g. Powers of Attorney, extracts from the Commercial Register) sent by e-mail with an electronic signature must be converted by means of the authorised document conversion that is provided, inter alia, by the contact points of the Czech Point public administration.
3. For the avoidance of doubt, Voting Forms including any attachments, as well as any other documents delivered in any of the above manners to the addresses listed above in paragraph 2 of this article will be deemed to have been delivered to the Company.

## **Article 7**

### **Evaluation of the Vote and Announcement of the Voting Results**

1. The vote or, more precisely, the *per rollam* decision-making, will be evaluated after its completion. The date on which the decision is adopted will be the day following the day of expiry of the Voting Period. The shareholders of the Company will be informed of the results of the *per rollam* decision-making in accordance with the relevant legal regulations.

## **Article 8**

### **Right to Explanation(s)**

1. The shareholders may only submit their requests for explanations in writing in accordance with the rules for the delivery of documents set out in Article 6 of these *Per Rollam* Instructions. In addition to submitting a request pursuant to the rules for the delivery of documents in accordance with Article 6 of these *Per Rollam* Instructions, a request for explanation may also be submitted electronically by sending it to the following e-mail address: [philipmorris.cz@pmi.com](mailto:philipmorris.cz@pmi.com). Requests for explanations may be submitted from the date of notification of the intention on the Website until the end of the Voting Period.
2. The Company will provide explanations of matters related to the *per rollam* decision-making to the shareholder in writing, namely in the form of a letter sent to the shareholder's address or electronically by e-mail, depending on the manner in which the request for explanation(s) was submitted, by the end of the Voting Period. If this is not possible due to the complexity of the explanation, the Company will provide an explanation to all shareholders within 15 days of the completion of the vote, even if this is no longer necessary for the assessment of matters intended for the *per rollam* decision-making or for the exercise of other related shareholder rights, in the form of a notification published on the Website.
3. An explanation can be provided in the form of a summary answer to several questions of similar content. The explanation will also be published on the Website. It will be deemed that the explanation was given to the shareholder if the information was published on the Website no later than on the day preceding the expiry of the Voting Period. If the information is provided to a shareholder, any other shareholder has the right to request this information without following the procedure for exercising the right to receive an explanation described above.

4. The Board of Directors of the Company may refuse to provide an explanation in whole or in part if its provision could cause harm to the Company or its controlled persons, if it constitutes inside information or classified information under another legal regulation, or if the requested explanation is publicly available. The fulfilment of the conditions for the refusal to provide an explanation will be assessed by the Company's Board of Directors and the reasons will be communicated to the shareholder. A notice of refusal to provide an explanation will be published on the Website.
5. Each shareholder has the right to request that the Company's Supervisory Board determine that the conditions for refusing to provide an explanation have not occurred and that the Company's Board of Directors is obliged to provide an explanation to the shareholder. The Company's Supervisory Board will decide on the shareholder's request within the Voting Period, and if this is not possible, within 5 business days from the date of expiry of this period. If the Company's Supervisory Board does not agree with the provision of an explanation or does not express its opinion within the aforementioned period of 5 business days, the court will decide whether the Company is obliged to provide the information, based on an application of the particular shareholder.

## **Article 9**

### **Rights of a Qualified Shareholder**

1. At the request of a shareholder or shareholders holding shares with an aggregate nominal value of at least 1% of the registered capital, the Board of Directors of the Company will include in the Draft Decisions a matter determined by that shareholder (those shareholders) provided that a resolution is proposed or that the inclusion of the matter is justified in respect of each particular matter and that the request can be processed, with respect to the nature and course of the *per rollam* decision-making, without any unreasonable administrative burden, unreasonable costs or unreasonable efforts being incurred.

## **SCHEDULE 2**

### **Main Data of the Ordinary Financial Statements of the Company for the 2019 Calendar Year Accounting Period and Main Data of the Ordinary Consolidated Financial Statements of the Company for the 2019 Calendar Year Accounting Period**

#### **MAIN DATA OF THE ORDINARY FINANCIAL STATEMENTS FOR THE YEAR 2019 (IN MILLIONS OF CZK)**

Fixed assets: .....	3,970	Registered capital and funds: .....	5,126
Short-term assets: .....	11,629	Retained earnings from prior years: .....	252
.....		Net profit: .....	4,032
.....		Long-term liabilities: .....	403
.....		Short-term liabilities: .....	5,786
<b>Total assets: .....</b>	<b>15,599</b>	<b>Total equity and liabilities: .....</b>	<b>15,599</b>

#### **MAIN DATA OF THE ORDINARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2019 (IN MILLIONS OF CZK)**

Fixed assets: .....	4,099	Registered capital and funds: .....	5,136
Short-term assets: .....	12,295	Retained earnings from prior years: .....	278
.....		Net profit: .....	4,021
.....		Long-term liabilities: .....	463
.....		Short-term liabilities: .....	6,496
<b>Total assets: .....</b>	<b>16,394</b>	<b>Total equity and liabilities: .....</b>	<b>16,394</b>

### **SCHEDULE 3**

#### **Proposal for the Distribution of Profit for the Year 2019**

(in CZK)

Profit after tax for the year 2019	4,032,159,202,88
Profit shares (dividends) for the year 2019	4,032,159,202,88
Retained earnings from prior years, which will be paid as profit shares (dividends)	250,642,957,12
Retained earnings from prior years which will remain undistributed	1,331,438,84

The profit shares (dividends) will be paid to shareholders holding shares of the Company as at 18 May 2020.

The proposed gross amount of a profit share (dividend) per share is CZK 1,560.00, with a total number of the shares being 2,745,386.

Distribution of profit shares (dividends) to **individuals** will be performed through Česká spořitelna, a.s., a company whose registered office is in Prague 4, Olbrachtova 1929/62, postcode: 140 00, identification number: 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171.

Česká spořitelna, a.s. will send a Notification of the Payment of Proceeds from Securities to each shareholder in the Czech Republic and abroad by mail, in each case to the particular shareholder's address specified in the extract from the Issue Register of the Company maintained by the Central Securities Depository (*Centrální depozitář cenných papírů, a.s.*) as at 18 May 2020 in the case of book-entered shares and to the particular shareholder's address specified in the List of the Company's Shareholders as at 18 May 2020 in the case of certificated shares.

Profit shares (dividends) will be paid to the shareholders who are individuals during the respective payment period via a wireless cash transfer, in each case to the particular shareholder's account specified in the List of the Company's Shareholders. Profit shares (dividends) will be paid to the shareholders who are individuals holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the beneficial owner. In the case of shareholders who are individuals with their permanent residence in the territory of the Czech Republic, the profit shares (dividends) may also be paid at branches of Česká spořitelna, a.s. in cash, subject to the presentation of a valid ID card.

If a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, that shareholder will be obliged to submit, along with presentation of that shareholder's valid ID card, a certificate of that shareholder's tax domicile and a declaration of the beneficial owner.

The payment period will last from 22 July 2020 to 31 May 2021.

All information regarding the payment of profit shares (dividends) to shareholders will be provided at the branches of Česká spořitelna, a.s.

**Legal entities** will also be paid profit shares (dividends) through Česká spořitelna, a.s. in accordance with the rules defined above.

Profit shares (dividends) will be paid to the shareholders who are legal entities via a wireless cash transfer to the bank accounts of the shareholders specified in the List of the Company's Shareholders. Profit shares (dividends) will be paid to the shareholders who are legal entities holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the beneficial owner.

Contact persons at Česká spořitelna, a.s.:

8430 Back Office for Investment Products

Naděžda Šmídová

E-mail: [nsmidova@csas.cz](mailto:nsmidova@csas.cz)

Milan Williams

E-mail: [mwilliams@csas.cz](mailto:mwilliams@csas.cz)

Telephone: 956 765 438

Contact address for delivery of documents for payments:

8430 Back Office for Investment Products

Budějovická 1518/13b

140 00 Prague 4



## **SCHEDULE 4**

### **Draft Remuneration Policy**

#### **Remuneration Policy**

Philip Morris ČR a.s. (hereinafter also referred to as “PMCR” or the “Company”) establishes its remuneration policy (hereinafter referred to as the “Policy”) in accordance with Section 121k *et seq.* of the Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (hereinafter referred to as the “Capital Market Undertakings Act”). The Policy is adopted as an internal regulation in accordance with Section 61 (1) of the Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Business Corporations Act), as amended. In addition to the agreement on the performance of the office, the Policy forms another basis for remuneration of members of the Board of Directors, Supervisory Board and Audit Committee of the Company.

The Policy is established in accordance with the Company’s long-term interests, i.e. its business strategy and other Company values. The Policy reflects the requirements of legal regulations as well as the principles of good corporate governance. It focuses on sustainability and effective risk management. The Policy is also based on shareholder requirements regarding the growth of the value of the Company’s shares and the achievement of economically favourable business results of the Company. The Policy reflects this requirement primarily in the variable component of remuneration of members of the Board of Directors, Supervisory Board and Audit Committee of the Company; the amount of the remuneration achieved by the members of the given bodies is derived from the economic results achieved by the PMI group (as defined below) and the Company. The variable remuneration component also depends on the performance and fulfilment of targets of a particular member of the Company’s body and serves primarily to attract, retain and motivate members of the Company’s bodies. The fixed remuneration component is determined primarily on the basis of professional experience and responsibility of a particular employee and member of a Company’s body.

Pursuant to Section 121m (1) of the Capital Market Undertakings Act, the Policy applies exclusively to remuneration of members of the Board of Directors, Supervisory Board and Audit Committee of the Company (hereinafter referred to as a “Member” or “Members”). The Policy is structured into the following parts:

- a) fixed component of remuneration of Members who are employees of PMCR;
- b) fixed component of remuneration of Members who are employees of Philip Morris International Inc. (hereinafter referred to as “PMI”) or companies controlled by it, with the exception of PMCR (hereinafter referred to as the “PMI Group”);
- c) variable component of remuneration of Members who are employees of PMCR or the PMI Group;
- d) remuneration of Members who are not employees of PMCR or the PMI Group.

The remuneration of Members who are employees of the Company or the PMI Group includes a fixed and variable component. The remuneration of Members who are not employees of the Company or the PMI Group only includes a fixed component.

## **1. Fixed component of remuneration of Members who are employees of PMCR**

The fixed component of remuneration of a member who is a PMCR employee consists of the (i) salary; (ii) remuneration for the Member's performance of office; (iii) other monetary remuneration; and (iv) non-monetary benefits.

A Member who is a PMCR employee is entitled to a salary based on his/her employment agreement with PMCR and to an annual remuneration for the performance of his/her office based on the agreement on the performance of the office of CZK 200,000.

Other monetary benefits and emoluments that may be provided to a Member who is a PMCR employee under certain conditions include severance payment and other benefits related to employment termination at an amount depending on the length of his/her employment but at least in the amount of three times the Member's average earnings, namely according to the Member's employment agreement with PMCR, the applicable legal regulations and the relevant PMCR collective agreement valid and effective in the given year; monthly allowance for meals and leisure activities (e.g. in the form of education allowance, holiday allowance) according to the Member's employment agreement with PMCR and the PMCR collective agreement valid and effective in the given year; monthly contribution to supplementary pension insurance (up to 3 % of the basic monthly salary; the specific amount of the contribution varies according to the employee's job classification; early retirement benefit schemes are defined by the relevant pension fund with which the employee has an agreement); reimbursement of premiums of life and accident insurance covering permanent impairment; monetary benefits related to relocation (one-off relocation contribution, allowance in the case of a change of the residence address upon relocation in the amount based on the salary grade of the Member concerned according to the classification set out in the internal rules of PMCR, according to local conditions and the number of family members of the Member living with him/her in the common household; rent allowance or reimbursement of rent according to the relevant market conditions; allowance for moving, transport, etc.); contributions to working and personal anniversaries in the amount corresponding to the number of years worked according to the PMCR collective agreement valid and effective in the given year; health care contribution and preventive programme contribution within the framework of voluntary prevention and health care programmes with financial participation of the Member; compensatory allowance for temporary work incapacity and nursing of a family member under the PMCR collective agreement valid and effective in the given year.

If the stipulated conditions are met, a Member who is a PMCR employee may be provided, depending on his/her salary grade, with a business laptop, car and telephone, which the Member may also use for private purposes at the expense of PMCR.

## **2. Fixed component of remuneration of Members who are employees of the PMI Group**

The fixed component of remuneration of a Member who is an employee of the PMI Group consists of the (i) salary; (ii) remuneration for the Member's performance of office; (iii) other monetary remuneration; and (iv) non-monetary benefits.

A Member who is an employee of the PMI Group is entitled to a salary under his/her employment agreement with the PMI Group and to an annual remuneration for the performance of his/her office under the agreement on the performance of the office of CZK 200,000.

Other cash benefits and emoluments that may be provided to a Member who is an employee of the PMI Group under certain conditions include a monthly allowance for meals and leisure activities (e.g. in the form of education allowance, holiday allowance); monetary benefits related to relocation (one-off relocation contribution, allowance in the case of a change of the residence address upon relocation in the amount based on the salary grade of the Member concerned according to the classification set out in the

internal rules of PMI, according to local conditions and the number of family members of the Member living with him/her in the common household; reimbursement of rent and service charges according to the relevant market conditions; allowance for tuition fees for family members of employees as a result of relocation; allowance for moving, transport, immigration matters, etc.); contributions to working and personal anniversaries; health care contribution and preventive programme contribution within the framework of voluntary prevention and health care programmes with financial participation of the Member.

If the stipulated conditions are met, a Member who is an employee of the PMI Group may be provided, depending on his/her salary grade, with a business laptop, car and telephone, which the Member may also use for private purposes at the expense of PMCR or the relevant company from the PMI Group which employs the particular Member.

### **3. Variable component of remuneration of Members who are employees of PMCR or the PMI Group**

A Member who is an employee of PMCR or the PMI Group and falls in salary grade 10 or higher as specified in the internal rules of PMCR or the PMI Group may be entitled to (i) a one-off annual performance-based financial bonus; and (ii) a bonus in the form of PMI shares. The granting of these bonuses depends on the assessment of the criteria below by the persons responsible for approving the bonuses. The one-off annual performance-based financial bonus and the bonus in the form of PMI shares are provided above the scope of the annual remuneration, remuneration for performance of office and other components of the fixed part of remuneration. The rules for their provision are specified in more detail in the Global Variable Compensation Programs Guidelines adopted at the PMI Group level.

#### **One-off annual performance-based financial bonus**

The one-off annual performance-based financial bonus (incentive compensation) is awarded for the relevant business year and is expressed as a percentage of the basic monthly salary as stated in the employment agreement (excluding rewards), multiplied by 13.6. The amount of compensation depends on the assessment of the performance of the particular Member by his/her superior as well as on the overall results of the PMI Group. The following criteria are decisive for the provision and amount of the one-off annual performance-based financial bonus:

- a) annual salary;
- b) individual assessment of the employee's work by his/her superior; the value of this criterion is determined on a scale of 0 % to 150 %;
- c) key indicators of financial and non-financial performance of PMI (market share, net and operating income, earnings per share, operating cash flow and strategic projects); the value of this criterion is determined on a scale of 0 % to 150 %;
- d) the performance target of the particular employee, determined according to his/her salary grade; the value of this criterion is determined on a scale of 7 % to 135 % depending on the employee's salary grade.

The criteria for assessing the set objectives are quantitative (such as the achievement of operating profit, cash flows, sales volume and market share) and qualitative (such as portfolio management, innovative approach, compliance with internal rules and procedures, diversity and management skills development). The above criteria are set in accordance with the Company's long-term interests, business strategy and other values. Their fulfilment has a direct impact on the Company's financial results and thus contributes to the growth of the Company's value. The total amount of the one-off annual performance-based financial bonus will be determined as the product of the values under paragraphs (a) to (d) above after the assessment of the individual criteria. The ratio between the one-off annual performance-based financial bonus and the annual salary is individual and depends on the assessment of performance of the particular

Member by his/her supervisor and the salary grade of the Member. The annual performance-based financial bonus usually amounts up to 23 % of the annual salary.

The CEO of the Company proposes the assessment to determine the amount of the bonus for the individual Members, and the President of the EU Region proposes the amount of the bonus for the CEO of the Company. These proposals are confirmed and approved by two management levels (the superior of the particular Member and the superior of that Member's superior). If the set criteria are met, the relevant person is entitled to receive the one-off annual performance-based financial bonus. Neither the Company nor the PMI Group have established any rules to postpone the entitlement to the one-off annual performance-based financial bonus or to require the Member to return any bonus paid earlier.

### **Bonus in the form of shares of Philip Morris International Inc.**

The remuneration in the form of PMI shares is primarily motivational. In this way, Members are encouraged to contribute to the Company's best results, as the Company's results and value have a direct impact on the value of PMI, whose shares are provided to Members as part of the variable remuneration component.

A Member who is an employee of PMCR or the PMI Group may receive remuneration in the form of PMI shares. The following criteria are decisive for the provision and amount of the remuneration in the form of PMI shares:

- a) annual salary;
- b) individual assessment of the employee's work by his/her superior; the value of this criterion is determined on a scale of 0 % to 150 %;
- c) the performance target of the particular employee, determined according to his/her salary grade; the value of this criterion is determined on a scale of 8 % to 315 % depending on the employee's salary grade.

The total number of shares provided to a Member will be determined as the product of the values under paragraphs (a) to (c) above, expressed in the relevant currency at the conversion rate as at the date of expiry of the decisive period (vesting date) and converted to a specified number of shares based on the current price per share. Share-based remuneration takes place under two programmes, with the employee's salary grade being decisive for the inclusion in a particular programme:

- (i) The Members who are employees of the PMCR or the PMI Group falling in salary grades 10 to 17 may receive remuneration in the form of shares connected with limited rights (Restricted Stock Units). They will become owners of the PMI shares after the expiry of the vesting period, which usually lasts three years, on condition that their employment relationship with PMCR or the PMI Group lasted throughout the vesting period. During the vesting period, Members are entitled to a dividend equivalent if granted to them by the relevant PMI body.
- (ii) Members who are employees of PMCR or the PMI Group falling in salary grade 18 or higher may receive remuneration in the form of shares connected with limited rights (Restricted Stock Units) under the conditions set out in point (i) and remuneration in the form of performance-based shares (Performance Share Units). They will become owners of the performance-based shares after the expiry of the vesting period, which usually lasts three years, on condition that their employment relationship with PMCR or the PMI Group lasted throughout the vesting period and that the set PMI financial and non-financial performance criteria have been achieved (market share, net and operating income, earnings per share, operating cash flow and strategic projects). After the end of the vesting period and the assessment of the achieved PMI results, the Members will be granted a certain number of performance-based shares and paid a dividend equivalent for the entire vesting period.

Any Member is entitled to dispose of such acquired shares under the restrictions set out in the relevant internal PMI directive.

#### **4. Remuneration of Members who are not employees of PMCR or the PMI Group**

A Member who is not an employee of PMCR or the PMI Group is entitled to an annual remuneration for performance of office of CZK 200,000. A Member who is not an employee of PMCR or the PMI Group is not entitled to any other remuneration or benefits in addition to the annual remuneration for performance of office.

#### **5. Other information**

The term of office of Members is three years. The Members who are in employment with the Company or with a company from the PMI Group usually have employment agreements for an indefinite period of time. The notice period of Members who are in employment with the Company applicable to their employment is governed by the Act No. 262/2006 Coll., the Labour Code, as amended (hereinafter referred to as the “Labour Code”), and is at least two months. A Member’s office may be terminated:

- a) upon the expiry of the term for which the Member was elected, unless the Member is elected by the General Meeting of the Company or its employees for the next immediately following term of office;
- b) by the Member’s recall by the General Meeting of the Company;
- c) by the Member’s resignation from his/her office in a manner set out in the Articles of Association and in the relevant legal regulations;
- d) upon the emergence of obstacles preventing the Member from performing his/her office under applicable law; or
- e) in the manner set out in the Articles of Association of the Company and in the relevant legal regulations other than as set out above.

No remuneration will be granted to the Member in connection with the termination of the Member’s office.

The conditions of termination of employment of Members who are PMCR employees will be governed by the Labour Code and the PMCR collective agreement. The conditions of termination of employment of Members who are employees of a company from PMI Group will be determined by the law of the country under which the employer of the respective Member is established, or by a collective agreement or an internal regulation of the particular company from the PMI Group that is the Member’s employer.

During the preparation of the Policy, the salary and working conditions of employees of the Company and the companies from the PMI Group were taken into account, in particular in determining the variable component of remuneration; the Member’s annual salary is reflected in the calculation of both components of the remuneration. Remuneration of Members will be provided in accordance with the principles of equal treatment.

The Policy is prepared by the Board of Directors of the Company in accordance with Section 121k of the Capital Market Undertakings Act; its approval and review fall within the competence of the General Meeting of the Company. The Policy is applied by the General Meeting of the Company in respect of the remuneration for the performance of office by a Member, and by the relevant Member’s employer and its managers in respect of the employee benefits related to the particular Member’s employment. In addition, the Compensation and Leadership Development Committee of PMI also participates in the application of the Policy; the Compensation and Leadership Development Committee approves the overall remuneration concept within the PMI Group and assesses the key indicators of financial and non-financial performance of PMI as one of the criteria for determining the amount of the one-off annual performance-based financial bonus. Potential conflicts of interest are avoided by involving different levels of management within the PMI Group in the approval of the individual remuneration components. The Company has not

set up a compensation committee; there is the Compensation and Leadership Development Committee at the PMI Group level.

## **SCHEDULE 5**

### **Template of the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board and Member of the Audit Committee**

#### **TEMPLATE**

[...] 2020

PHILIP MORRIS ČR A.S.

AND

[...]

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AGREEMENT ON THE PERFORMANCE OF THE  
OFFICE OF MEMBER OF THE [BOARD OF DIRECTORS  
/ SUPERVISORY BOARD / 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) [●], born on [●], permanently residing at [●] (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]<sup>1</sup> / [elected by the employees of the Company]<sup>2</sup>] to the office of a member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company.
- (B) The Member agrees to his [election as a member of the [Board of Directors / Supervisory Board] / appointment as a member of the Audit Committee] of the Company. [In relation to the capacity of the Member to perform his office, he declares that he meets all the requirements set out by the relevant legal regulations; in particular 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 not been excluded from the performance of the office of a member of the governing body of a business corporation pursuant to Sections 63 to 65 of the BCA; (iv)]<sup>3</sup> 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

<sup>1</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>2</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>3</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors.

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 the office, of which he has not informed the Company before he started to hold office, exists; and (v) acknowledges that if, at the time of his election as a member of the [Board of Directors / Supervisory Board] he was not capable of performing the office as set out by law, he shall be deemed not have been elected to the office. If, after his election as a member of the [Board of Directors / Supervisory Board], the Member loses the statutory capacity to be a member of the [Board of Directors / Supervisory Board], his office ceases to exist. The Member shall notify the Company of the cessation of his office without undue delay.]<sup>4</sup>

[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 the office of a member of the Audit Committee pursuant to the Auditors Act; 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.]<sup>5</sup>

- (C) The Parties wish to have the relationship between the Member and the Company governed by this Agreement after the Member is elected [appointed]<sup>6</sup> as a member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company.
- (D) This Agreement is subject to approval by the General Meeting of the Company (the "General Meeting").

<sup>4</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors or Supervisory Board.

<sup>5</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>6</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

## 1. SUBJECT-MATTER OF THE AGREEMENT

- 1.1 The Member shall perform the duties of a member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company. The Member has the rights and duties of a member of the [Board of Directors / Supervisory Board / 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") [, the applicable internal regulations of the Company]<sup>7</sup> or in this Agreement.
- 1.2 [The General Meeting may restrict the authority of the Member to act for and on behalf of the Company.]<sup>8</sup>
- 1.3 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.
- 1.4 The Member hereby represents and warrants to the Company that he has sufficient professional experience to perform his duties as a member of the [Board of Directors / Supervisory Board / 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

### Option A – applies to the Agreement on the Performance of the Office of Member of the Board of Directors

- 2.1 In accordance with the Articles of Association, the applicable law and this Agreement, the Member is obliged to act and sign for and on behalf of the Company and to represent the Company in dealings with third parties.
- 2.2 The Member is obliged to perform his duties with the care of a diligent business person (in Czech: *s péčí řádného hospodáře*) in accordance with the provisions

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<sup>7</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>8</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors.

of the NCC, the BCA and other legal regulations, the Articles of Association of the Company, the decisions and instructions of the General Meeting (provided that the General Meeting is authorised to issue them), and potentially the instructions of the managing person (in Czech: *řídící osoba*) pursuant to Section 81 (1) of the BCA, provided that such performance of office is not in conflict with the legal regulations. In particular, the Member is obliged to:

- 2.2.1 manage the Company's business, together with the other members of the Board of Directors;
- 2.2.2 actively, diligently and with necessary loyalty fulfil his duties that follow from the legal regulations, the Articles of Association of the Company, the decisions and instructions of the General Meeting (provided that the General Meeting is authorised to issue them), and potentially the instructions of the managing person pursuant to Section 81 (1) of the BCA, provided that the fulfilment of such decisions and instructions is not in conflict with the legal regulations. When fulfilling his duties, the Member is obliged to use his best efforts and all of his professional knowledge and experience, which he undertakes to apply according to his best knowledge and skills;
- 2.2.3 defend, in every circumstance, the good name, prosperity and the legitimate interests of the Company that are known to him; act in accordance with the strategic aims of the Company that are known to him; and use the acquired knowledge, experience and professional know-how in favour of the Company;
- 2.2.4 attend the General Meetings, or the working meetings that precede or follow the General Meetings, necessary for the activities of the Board of Directors of the Company;
- 2.2.5 ensure that the Company complies with the requirements of the laws of the Czech Republic and the Articles of Association;
- 2.2.6 ensure that the accounting records of the Company fulfil the statutory requirements, and are accurate and up to date; and
- 2.2.7 carry out all legal acts and negotiations which are usual for the management of the business affairs of a company having the same or similar size and scope of business as registered in the Commercial Register.

*Option B – applies to the Agreement on the Performance of the office of member of the Supervisory Board:*



- 2.1 The Member is obliged to supervise the performance of the authority of the Board of Directors of the Company and the activities of the Company, in accordance with the Articles of Association, applicable laws and this Agreement. No one is entitled to issue instructions to the Supervisory Board with regard to its statutory duty to supervise the Board of Directors.
- 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, with the care of a diligent business person, and in accordance with the provisions of the NCC, the BCA, other legal regulations, the Articles of Association of the Company, and the principles approved by the General Meeting, unless these are in conflict with the BCA or the Articles of Association. In particular, the Member of the Supervisory Board is obliged to:
- 2.2.1 assess particular activities and the business strategy of the Company and inspect their implementation;
  - 2.2.2 view all documents and records relating to the Company's activities, and to check whether the accounting books are kept properly, and in accordance with reality, and whether the business or any other activities of the Company are performed in accordance with the Articles of Association and any other legal regulations;
  - 2.2.3 review whether the Company's activities are conducted in accordance with the legal regulations of the Czech Republic, the Articles of Association and the instructions of the General Meeting;
  - 2.2.4 review the ordinary, extraordinary and consolidated (and possibly also the interim) financial statements of the Company as well as the proposal for the distribution of profit or the covering of loss, and to present his views to the General Meeting;
  - 2.2.5 attend the General Meetings and, if mandated to do so by the Supervisory Board of the Company, present to the General Meeting the report on the results of the activities of the Supervisory Board;
  - 2.2.6 if required by the interests of the Company, convene the General Meetings and propose necessary measures; and
  - 2.2.7 if the Supervisory Board so determines, represent the Company in any proceedings conducted against any member of the Board of Directors before courts and other authorities.

Option C – applies to the Agreement on the Performance of the office of member of the Audit Committee;

- 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 applicable internal regulations of the Company, 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 and submitting recommendations to ensure the integrity of accounting systems and financial reporting to the Board of Directors or the Supervisory Board of the Company;
  - 2.1.2 monitoring the efficiency of the Company's internal control, risk management system and internal audit management and its functional independence (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, while taking into account the summary report on quality assurance system;
  - 2.1.4 assessing the independence of the statutory auditor and the audit company (companies) and the provision of non-audit 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, the applicable internal regulations of the Company, 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.

The provisions below apply jointly to the Members of the Board of Directors / Supervisory Board / Audit Committee:

- 2.3 In relation to the Company, the Member shall observe the provisions of the Articles of Association, [the applicable internal regulations of the Company,]<sup>9</sup> 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 [Board of Directors / Supervisory Board / Audit Committee] undertakes to perform the office with the necessary loyalty, knowledge and diligence. [A person shall be deemed to have acted negligently if he is not capable of performing with the care of a diligent business person, and despite being aware of this when accepting the office or becoming aware during the performance of the office, he does not act to bring any consequences on himself from this.]<sup>10</sup>
- 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.

<sup>9</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>10</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors or Supervisory Board.

- 2.6 [The General Meeting is entitled to issue any instructions regarding the business management to the Member, except where the Member asks the General Meeting for any such instruction. This shall not affect his duty to act with the care of a diligent business person.]<sup>11</sup>

### 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 [Board of Directors / Supervisory Board / Audit Committee] would regard as confidential; and
  - 3.3.4 facts and information specified above in Clause 3.1 and 3.2.

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<sup>11</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors.



(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 [within the scope of the good and proper management of the Company's business affairs;]<sup>12</sup>
  - 3.3.6 to legal, tax and accounting advisors if they are bound by confidentiality undertakings at least equivalent to those contained in this Clause;
  - 3.3.7 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;
  - 3.3.8 required under applicable laws and regulations, and applicable to the relevant Party (Parties); and
  - 3.3.9 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**
- 4.1 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.
- 4.2 The Company is obliged to pay the Annual Remuneration in one lump sum by wire-transfer to the bank account of the Member notified by the Member to the Company by the end of the year for which the Annual Remuneration is paid.

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<sup>12</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors.

## 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");]<sup>13</sup>
  - 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;]<sup>14</sup>
  - 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;]<sup>15</sup> 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;]<sup>16</sup>

**Option A – applies to the Agreement on the Performance of the Office of Member of the Board of Directors**

- 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 with the following benefits:

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<sup>13</sup> Note: As this benefit is only provided to some Members, this Clause will be adjusted or, as the case may be, entirely deleted in individual agreements on performance of the office.

<sup>14</sup> See footnote no. 11.

<sup>15</sup> See footnote no. 11.

<sup>16</sup> See footnote no. 11.

5.2.1 by the Company:

- (a) [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.]<sup>17</sup>
- (b) [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 Company.]<sup>18</sup> and
- (c) [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 Company.]<sup>19</sup>

5.2.2 by his employer particularly:

- (a) an annual salary;
- (b) a benefit in the form of shares of PMI;
- (c) participation in the PMI Group's schemes relating to pension, and injury and/or life insurance;
- (d) emoluments related to the termination of employment if the criteria for their provision are met;
- (e) [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, if a company car is not provided to the Member by the Company pursuant to 5.2.1(a) above.]<sup>20</sup>
- (f) [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.]<sup>21</sup>
- (g) [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.]<sup>22</sup>

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<sup>17</sup> See footnote no. 11.

<sup>18</sup> See footnote no. 11.

<sup>19</sup> See footnote no. 11.

<sup>20</sup> See footnote no. 11.

<sup>21</sup> See footnote no. 11.

**Option B – applies to the Agreement on the Performance of the Office of Member of the Supervisory Board / Audit Committee:**

- 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;]<sup>23</sup>
  - 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;]<sup>24</sup>
  - 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;]<sup>25</sup>

**The provision below applies jointly to the Members of the Board of Directors / Supervisory Board / Audit Committee:**

- 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.

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<sup>22</sup> See footnote no. 11.

<sup>23</sup> See footnote no. 11.

<sup>24</sup> See footnote no. 11.

<sup>25</sup> See footnote no. 11.

## 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]<sup>26</sup>

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. [PROHIBITION OF COMPETITIVE CONDUCT]<sup>27</sup>

8.1 The Member shall observe the prohibition of competitive conduct within the scope as stipulated by the legal regulations in force or by the Company's Articles of Association.

8.2 In particular, the Member may not:

8.2.1 engage in any activities which are identical with the business activities of the Company, not even for the benefit of other persons, nor act as a broker for other parties in the commercial transactions of the Company;

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<sup>26</sup> Note: As the annual bonus is only provided to some Members, this Clause will be adjusted or, as the case may be, entirely deleted in individual agreements on performance of the office.

<sup>27</sup> Note: This applies to the Agreement on performance of the Office of Member of the Board of Directors and Supervisory Board.



- 8.2.2 act as a member of the statutory body of another legal entity whose business activity is similar to that of the Company, nor as a person in a similar position, unless it is within the group; or
- 8.2.3 participate in business activities of another business corporation as a shareholder with unlimited liability or as a controlling person of another person whose business activity or scope of business is identical or similar to that of the Company.
- 8.3 If the General Meeting was expressly notified of any of the circumstances specified in Clause 8.2 at the moment the Member was appointed to his office, or if such a circumstance originated later and the Member notified the General Meeting in writing, it shall be deemed that the Member is not prohibited from performing such activity. This shall not apply if the General Meeting disagreed with the Member's activity under Clause 8.2 within one month of the day on which it was notified of this circumstance by the Member.
- 8.4 The notification pursuant to Clause 8.2 shall be specified in the invitation to the General Meeting, and the General Meeting agenda must include a vote on possible disagreement.
- 8.5 The Articles of Association or the General Meeting's resolutions may specify other restrictions on the Member's activities.

## 9. CONFLICT OF INTEREST RULES

- 9.1 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 ~~[[Board of Directors / Audit Committee]~~ and the Company's Supervisory Board<sup>28</sup> / [Supervisory Board]<sup>29</sup> of this fact. This shall similarly apply to a potential conflict of interests of persons close (in Czech: *osoby blízke*) 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.

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<sup>28</sup> Note: This applies to the Agreement on performance of the Office of Member of the Board of Directors and Audit Committee.

<sup>29</sup> Note: This applies to the Agreement on performance of the Office of Member of the Supervisory Board.

- 9.2 If the Member intends to enter into an agreement with the Company, he must promptly inform the other members of the [[Board of Directors / Audit Committee] and the Company's Supervisory Board]<sup>30</sup> / [Supervisory Board]<sup>31</sup> 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.

## 10. LIABILITY

- 10.1 The Member shall perform his office with the care of a diligent business person [due professional care]<sup>32</sup> and with necessary loyalty. If during the performance of the office of member of [Board of Directors / Supervisory Board / 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.
- 10.2 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.
- 10.3 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.

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<sup>30</sup> Note: This applies to the Agreement on performance of the Office of Member of the Board of Directors and Audit Committee.

<sup>31</sup> Note: This applies to the Agreement on performance of the Office of Member of the Supervisory Board.

<sup>32</sup> Note: This applies to the Agreement on performance of the Office of Member of the Audit Committee.

## **11. DATA AND PERSONAL DATA PROTECTION**

- 11.1 The Member hereby acknowledges 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.
- 11.2 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 acknowledges that the Company may 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).
- 11.3 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.

## **12. TERM AND TERMINATION OF THE AGREEMENT**

- 12.1 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:



- 12.1.1 the expiry of the Member's term of office as a member of the [Board of Directors / Supervisory Board / Audit Committee] unless the Member is elected [appointed]<sup>33</sup> to the office by the [[General Meeting]<sup>34</sup> / [employees of the Company]<sup>35</sup>] 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 elected [appointed]<sup>36</sup> to the office of a member of the [Board of Directors / Supervisory Board / Audit Committee] by the [[General Meeting]<sup>37</sup> / [employees of the Company]<sup>38</sup>];
- 12.1.2 the removal of the Member from the office of member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company by the [[General Meeting]<sup>39</sup> / [employees of the Company]<sup>40</sup>];
- 12.1.3 the resignation of the Member from his office of member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company, as set out by the Articles of Association or the applicable legal regulations;
- 12.1.4 the occurrence of the obstacles that prevent the Member from the performance of the office of member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company as specified by the applicable legal regulations, particularly by the [BCA and the NCC]<sup>41</sup> / [BCA, the NCC or the Auditors Act]<sup>42</sup>; or
- 12.1.5 otherwise than specified above, on the date on which the office of the member of the [Board of Directors / Supervisory Board / Audit

<sup>33</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>34</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>35</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>36</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>37</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>38</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>39</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>40</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>41</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors and Supervisory Board.

<sup>42</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

**Committee** terminates as set out by the Articles of Association or the applicable legal regulations.

- 12.2 This Agreement may not be terminated by notice.
- 12.3 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.

### 13. FINAL PROVISIONS

- 13.1 Any obligation set out in this Agreement that is not fully performed upon the termination of this Agreement shall remain binding.
- 13.2 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.
- 13.3 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 applicable internal regulations of the Company]**<sup>43</sup>, the NCC, the BCA and other legal regulations applicable to the performance of the office.
- 13.4 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.
- 13.5 This Agreement becomes effective upon the election **[appointment]**<sup>44</sup> of the Member to the office of member of the **[Board of Directors / Supervisory Board / Audit Committee]** of the Company by the General Meeting, and upon the approval of the Agreement by the General Meeting.

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<sup>43</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>44</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

- 13.6 If the [[General Meeting]<sup>45</sup> / [employees of the Company]<sup>46</sup>] elects [appoints]<sup>47</sup> the Member to the office of a member of the [Board of Directors / Supervisory Board / 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 [Board of Directors / Supervisory Board / Audit Committee] in this consecutive term of office.
- 13.7 For the avoidance of doubt, the Parties expressly state that in addition to the reasons for termination of the Agreement under Clause 12, this Agreement shall also expire if the [[General Meeting]<sup>48</sup> / [employees of the Company]<sup>49</sup>] does not elect [appoint]<sup>50</sup> the Member to the office of member of the [Board of Directors / Supervisory Board / Audit Committee] of the Company or [the General Meeting]<sup>51</sup> does not approve the Agreement.
- 13.8 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.
- 13.9 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.

*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*

<sup>45</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>46</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>47</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>48</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Board of Directors, Member of the Supervisory Board elected by the General Meeting and Member of the Audit Committee.

<sup>49</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

<sup>50</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Audit Committee.

<sup>51</sup> Note: This applies to the Agreement on the Performance of the Office of Member of the Supervisory Board elected by the employees.

*and declare that this Agreement has been entered into based on their free and serious will.*

On [...] 2020

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

SIGNATURE

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Name: [...]

Position: [...]

SIGNATURE

---

Name: [...]

Position: [...]

On [...] 2020

**The Member**

SIGNATURE

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Name: [...]

## **SCHEDULE 6**

### **Voting Form for the Company's Shareholders to Express Their Opinions on the Draft Decisions**

*(Voting form can be found on the next page)*



# PHILIP MORRIS ČR

## VOTING FORM

for the decision-making of the General Meeting of  
Philip Morris ČR a.s.,  
whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,  
identification number: 14803534 (the "**Company**"),  
performed in writing outside the meeting,  
on which the Company's Board of Directors decided at the meeting held on 4 May 2020

**When completing the Voting Form, please follow the instructions for the decision-making performed outside the General Meeting of the Company ("*per rollam*")**

Identification number of the shareholder or its proxy:  
**DO NOT FILL IN; to be used by the Company for internal use**

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<b>Draft decision no. 1.1. to point no. 1 of the order of decisions</b> Approval of the Report of the Board of Directors on the Business Activities of the Company	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 3.1. to point no. 3 of the order of decisions</b> Approval of the 2019 ordinary financial statements	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 3.2. to point no. 3 of the order of decisions</b> Approval of the 2019 ordinary consolidated financial statements	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 3.3. to point no. 3 of the order of decisions</b> Approval of the proposal for the distribution of profit for the year 2019, including an indication of the amount and method of payment of profit shares (dividends)	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 4.1. to point no. 4 of the order of decisions</b> Approval of the Remuneration Policy	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 5.1. to point no. 5 of the order of decisions</b> Election of Mr. Piotr Andrzej Cerek to the office of a member of the Board of Directors of the Company	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 5.2. to point no. 5 of the order of decisions</b> Election of Mr. Petr Šebek to the office of a member of the Board of Directors of the Company	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>



# PHILIP MORRIS ČR

## VOTING FORM

for the decision-making of the General Meeting of  
Philip Morris ČR a.s.,  
whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,  
identification number: 14803534 (the "**Company**"),  
performed in writing outside the meeting,  
on which the Company's Board of Directors decided at the meeting held on 4 May 2020

**When completing the Voting Form, please follow the instructions for the decision-making performed outside the General Meeting of the Company ("*per rollam*")**

<b>Draft decision no. 6.1. to point no. 6 of the order of decisions</b> Approval of the agreement on the performance of the office of member of the Board of Directors between the Company and Mr. Piotr Andrzej Cerek	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 6.2. to point no. 6 of the order of decisions</b> Approval of the agreement on the performance of the office of member of the Board of Directors between the Company and Mr. Petr Šebek	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 7.1. to point no. 7 of the order of decisions</b> Election of Mr. Stefan Bauer to the office of a member of the Supervisory Board of the Company	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 8.1. to point no. 8 of the order of decisions</b> Approval of the agreement on the performance of the office of member of the Supervisory Board between the Company and Mr. Stefan Bauer	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 8.2. to point no. 8 of the order of decisions</b> Approval of the agreement on the performance of the office of member of the Supervisory Board between the Company and Mr. Richard Vašíček	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 9.1. to point no. 9 of the order of decisions</b> Election of Mr. Stefan Bauer to the office of a member of the Audit Committee of the Company	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 10.1. to point no. 10 of the order of decisions</b> Approval of the agreement on the performance of the office of member of the Audit Committee between the Company and Mr. Stefan Bauer	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>
<b>Draft decision no. 11.1. to point no. 11 of the order of decisions</b> Appointment of the Company's auditor	<b>FOR</b> <input type="checkbox"/>	<b>AGAINST</b> <input type="checkbox"/>





# PHILIP MORRIS ČR

## VOTING FORM

for the decision-making of the General Meeting of  
Philip Morris ČR a.s.,  
whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,  
identification number: 14803534 (the "**Company**"),  
performed in writing outside the meeting,  
on which the Company's Board of Directors decided at the meeting held on 4 May 2020

**When completing the Voting Form, please follow the instructions for the decision-making performed outside the General Meeting of the Company ("*per rollam*")**

.....  
First name and surname / Name or business name of the shareholder (legal entity)

.....  
Date of birth / Identification (registration) number of the shareholder (legal entity), if assigned

.....  
Residence address / Registered office of the shareholder (legal entity)

.....  
Information on the person(s) acting on behalf of the shareholder (legal entity) \*

\* To be filled in only if the shareholder is a legal entity. Information on any person acting on behalf of the shareholder means the first name and surname of the particular individual and that individual's position (e.g. an Executive Director, Member of the Board of Directors, etc.), or any other identification information if the person acting on behalf of the shareholder is a legal entity.

.....  
Number of shares with which the shareholder participates in the voting \*

\* If the number of shares is not specified in the Voting Form or if the number of shares is higher than that resulting from the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date, the shareholder will participate in the *per rollam* decision-making to the extent of the shares specified in the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date. If a lower number of shares is specified in the Voting Form than that resulting from the Register of Book-Entered Securities or the List of Shareholders as at the Decisive Date, the shareholder will participate in the *per rollam* decision-making to the extent of that lower number of shares specified in the Voting Form;

***If the shareholder is represented by a proxy on the basis of a power of attorney, the following information on the proxy shall be provided:***

.....  
First name and surname / Name or business name of the shareholder's proxy (if the proxy is a legal entity)

.....  
Date of birth / Identification no. of the shareholder's proxy (if the proxy is a legal entity)

.....  
Residence address / Registered office of the shareholder's proxy (if the proxy is a legal entity)

.....  
Information on the person(s) acting on behalf of the shareholder's proxy (if the proxy is a legal entity) \*

\* To be filled in only if the shareholder's proxy is a legal entity. Information on any person acting on behalf of the shareholder's proxy means the first name and surname of the particular individual and that individual's position (e.g. an Executive Director, Member of the Board of Directors, etc.), or any other identification information if the person acting on behalf of the shareholder's proxy is a legal entity.

.....  
Officially verified signature of the shareholder or the shareholder's proxy