



# 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,  
File No. B 627  
(the "Company")

**hereby convenes**  
**AN ORDINARY GENERAL MEETING**  
(the "General Meeting")

of its shareholders, which will take place at 10:00 a.m. on 30 April 2024, at the Company's registered office stated above, with the following agenda:

1. Opening of the General Meeting;
2. Election of the Chairperson of the General Meeting, Minutes Clerk, Minutes Verifiers and Scrutineers, and approval of the Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting;
3. The Report of the Board of Directors on the Business Activities of the Company, the Report on Relations between Controlling Entity and Controlled Entity and between Controlled Entity and Entities Controlled by the Same Controlling Entity, the Report on Corporate Governance of the Company and the Summary Explanatory Report concerning certain matters mentioned in the 2023 Annual Financial Report, the proposal for the approval of the 2023 ordinary financial statements and the 2023 ordinary consolidated financial statements, and the proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares;
4. The Supervisory Board Report;
5. Approval of the Report of the Board of Directors on the Business Activities of the Company, the 2023 ordinary financial statements and the 2023 ordinary consolidated financial statements, and the proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares;
6. Approval of the 2023 Remuneration Report;
7. Approval of the Remuneration Policy;
8. Election of Ms. Eugenia Panato and Mr. Tamás Szabados as members of the Board of Directors, Ms. Tamara Milovanovic, Ms. Alena Zemplerová and Ms. Stanislava Juríková as members of the Supervisory Board, and approval of the Agreements on the Performance of the Office of Members of the Board of Directors and Supervisory Board;
9. Election of Ms. Tamara Milovanovic and Ms. Stanislava Juríková as members of the Audit Committee and approval of the Agreement on the Performance of the Office of a Member of the Audit Committee;
10. Appointment of the Company's auditor;
11. Closing of the General Meeting.

**Draft resolutions to the individual points on the agenda of the General Meeting and reasonings of the draft resolutions are set out below.**

The Board of Directors of the Company informs the shareholders that this invitation **is not sent** to the shareholders at their home or registered office addresses any more.

In accordance with the current wording of the Company's Articles of Association, the General Meeting is convened by publication of the invitation to the General Meeting on the Company's website <http://www.philipmorris.cz>, in the section titled "For Shareholders", and by official publication of the invitation to the General Meeting in the Commercial Bulletin.

## **DATE DECISIVE FOR THE ATTENDANCE AT THE GENERAL MEETING**

In the case of the Company's book-entered shares, any shareholder listed in an extract from the Issue Register of the Company, i.e. in the register of the Company's book-entered securities maintained in accordance with a special legal regulation, as at the date decisive for the attendance at the General Meeting, i.e. **23 April 2024** (the "**Decisive Date**"), is entitled to attend the General Meeting and exercise its shareholder rights at it, i.e. also to vote at the General Meeting, whether directly or through a proxy (representative). In the case of the Company's certificated shares, any shareholder listed in the list of the Company's shareholders as at the Decisive Date, i.e. **23 April 2024**, is entitled to attend the General Meeting and exercise its shareholder rights at it, i.e. also to vote at the General Meeting, whether directly or through a proxy (representative) (unless it is proven that the relevant entry in the list of the Company's shareholders fails to reflect the actual state of affairs as at that date).

The significance of the Decisive Date is that it determines who is entitled to attend the General Meeting and exercise shareholder rights, i.e. also to vote, at the General Meeting.

## **PROOF OF AUTHORITY TO ACT ON BEHALF OF OR REPRESENT THE SHAREHOLDERS**

Shareholders' representatives must be authorised to attend the General Meeting and to exercise their rights at the General Meeting by persons who were the Company's shareholders as at the Decisive Date. This authorisation must be granted by means of a written power of attorney bearing an officially verified signature and stating whether the power of attorney is granted for representation at the particular General Meeting only or also for representation at several General Meetings held in the form of a meeting with the personal participation of shareholders, as well as future decision-makings of the General Meeting of the Company performed outside the meeting (*per rollam*).

Any 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 in accordance with a special legal regulation, as an administrator or as a person authorised to exercise the rights attached to the shares, is deemed entitled to represent the relevant shareholder and exercise any and all rights attached to the shares of the Company kept on the relevant account, which includes attending and voting at the General Meeting. Instead of a power of attorney, this person shall submit an extract from the register of investment instruments; this is not necessary if the Company itself requests the provision of an extract from the respective register for such purposes. A person's authorisation to represent the shareholder and exercise the shareholder's rights must be indicated in the relevant extract from the register of investment instruments or the register of book-entered securities.

The registration of the shareholders at the General Meeting will commence at 8:30 a.m. at the venue of the General Meeting. At the registration, the shareholders or their representatives must present valid proofs of identity. Any person authorised to act on behalf of a shareholder who is a legal entity must also present an original up-to-date extract from the Commercial Register or any other relevant register concerning this legal entity (not older than 3 months) or a certified copy thereof, proving the existence of the legal entity and confirming his/her right to act on behalf of the legal entity. Any shareholder's representative authorised by a power of attorney must also present a written power of attorney bearing an officially verified signature and stating whether it is granted for representation at the particular General Meeting only or also for representation at several General Meetings held in the form of a meeting with the personal participation of shareholders, as well as future decision-makings of the General Meeting of the Company performed outside the meeting (*per rollam*). Any documents by which the shareholder or the shareholder's representative proves his/her/its identity, which are produced by foreign authorities or institutions or to which certification clauses of such foreign authorities or institutions are attached, shall contain official certification for their use in the Czech Republic, i.e. shall be superlegalised or provided with an apostille or other clause (certification) which is required in official contact by the Czech authorities for similar foreign documents (or certifications). If any such documents, clauses or certifications are made out in a foreign language (with the exception of the Slovak language), an official translation thereof into the Czech language shall also be attached.

The Board of Directors of the Company informs the shareholders that templates (forms) of the power of attorney documents for representation of shareholders at the General Meeting are published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in the section

titled "For shareholders". The power of attorney forms are also available in printed form at the Company's registered office. A shareholder has the right to request that a power of attorney form be sent to the shareholder in printed form or electronically at the shareholder's own expense and risk. The Company will accept electronic notices stating that a power of attorney was granted to represent a shareholder at the General Meeting or revoked by the relevant principal at the following email address: [philipmorris.cz@pmi.com](mailto:philipmorris.cz@pmi.com).

## **VOTING RIGHT**

In accordance with Act No. 90/2012 Coll., on Companies and Cooperatives (the Corporations Act), as amended (the "**Corporations Act**") and the Company's Articles of Association, a shareholder shall be entitled to attend and vote at the General Meeting.

The condition for the exercise of a voting right by a shareholder is the entry of that shareholder's beneficial owner in the register of beneficial owners in accordance with Act No. 37/2021 Coll., on Register of Beneficial Owners, as amended (the "**Act on Register of Beneficial Owners**"), if the shareholder is obliged to arrange for the entry of the beneficial owner.

## **OTHER RIGHTS OF SHAREHOLDERS**

A shareholder is entitled to require and obtain from the Company explanations at the General Meeting in respect of matters relating to the Company and the parties controlled by the Company, should any such explanations be necessary for assessing matters on the agenda of the General Meeting or for exercising their shareholder rights at the General Meeting. A shareholder may file a request for explanation pursuant to the preceding sentence in writing. The request must be filed after the publication of this invitation to the General Meeting and before the date on which the General Meeting is to be held.

The Company will provide the explanation of matters relating to the relevant General Meeting to the shareholder directly at the General Meeting. If this is not possible due to the complexity of the explanation, the Company will provide the explanation to all shareholders within 15 days after the date of the General Meeting, even if this is no longer necessary for the consideration of actions of the General Meeting or for the exercise of shareholder rights at the General Meeting, by publishing it on the website of the Company.

The information contained in the explanation must be clear and must provide a sufficient and true view of the enquiry concerned. The explanation may be provided in the form of a summary response to several similar issues. It shall be deemed that shareholders have been provided with the explanation even if the information is published on the Company's website no later than on the day preceding the date of the General Meeting and is available to the shareholders at the venue of the General Meeting. If the information is provided to a shareholder, any other shareholder is entitled to request this information even without adhering to the procedure for exercising the right to explanation as described above.

The Board of Directors may refuse to provide an explanation in part or in full if its disclosure could harm the Company or entities controlled by the Company or if it represents inside or secret information governed by another legal regulation, or if the requested explanation is publicly available. The Board of Directors will consider whether the conditions for the refusal to provide an explanation have been fulfilled and will notify the shareholder of the reasons for the refusal. The notification of the refusal to provide an explanation will be part of the minutes of the General Meeting.

The shareholders have the right to ask the Supervisory Board to determine that the conditions for refusing to provide an explanation did not occur and the Board of Directors is obliged to provide the explanation to the respective shareholder. The Supervisory Board will decide on the shareholder's request directly at the General Meeting or, if this is impossible, within five business days of the date of the General Meeting. If the Supervisory Board disagrees with the provision of the explanation or if it does not provide its statement within the aforementioned time limit of five business days or in the situation where the Company's Board of Directors has not provided the information despite the Supervisory Board's instruction, or the Company's Board of Directors has informed the shareholder that

it will provide the explanation within 15 days after the General Meeting and has still not done so, the decision as to whether the Company is obliged to provide the information will be taken by a court upon a motion filed by the shareholder. The right to file a motion to instigate such proceedings can be exercised before a court within one month of the date of the General Meeting at which the provision of explanation was refused, or of the refusal or failure to provide information within the time limit specified in Section 358 (1) of the Corporations Act (i.e. within 15 days of the date of the General Meeting); no consideration will be given to any rights exercised later. The provisions of special legal regulations regarding the protection of information are not affected by this.

A shareholder may file proposals and counterproposals in relation to the matters on the agenda of the General Meeting. Any proposals and counterproposals delivered to the Company no later than three days before the General Meeting shall be published by the Board of Directors without undue delay on the Company's website. If the proposals and counterproposals contain justifications, the Board of Directors shall also publish these justifications along with them. If the proposals and counterproposals are delivered at the latest five days before the General Meeting, the Board of Directors shall also publish its opinion on the received proposals and counterproposals without undue delay.

Upon request of a shareholder or shareholders holding shares with a total nominal value of at least 1% of the Company's registered capital, the Board of Directors of the Company will include a matter proposed by this shareholder (these shareholders) in the agenda of the General Meeting, provided that the request is delivered to the Board of Directors no later than 10 days before the date decisive for attendance at the General Meeting and that a resolution is proposed with respect to each matter or that a reasoning for the inclusion of the matter on the agenda is provided. If a request is delivered after the publication and distribution of the invitation to the General Meeting, the Board of Directors will publish the amendment of the agenda of the General Meeting no later than five days before the date decisive for attending the General Meeting in the manner stipulated in the Corporations Act and the Articles of Association regarding the convocation of the General Meeting.

Matters not included in the agenda of the General Meeting may be discussed or resolved at the General Meeting only if all shareholders express their consent to that.

In accordance with Section 121i (1) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (the "**Capital Market Undertakings Act**"), the Company shall send to the shareholder or a person authorised by the shareholder, upon request, information on whether and how the shareholder's votes were counted in the voting at the General Meeting. The Company is not obliged to comply with a request for information if the information is already available to the shareholder or the person authorised by the shareholder or if the request for information is received more than three months after the date of the General Meeting.

The Company issued 1,913,698 book-entered registered shares and 831,688 certificated registered shares, i.e. together 2,745,386 shares with a nominal value of CZK 1,000 per share as at the date of publication of this invitation. When voting at the Company's General Meeting, one vote is attached to each share of the Company, i.e. the total number of votes as at the date of publication of the invitation is 2,745,386. A shareholder may not exercise voting rights in cases provided for by law. Voting is done by ballot, in which case shareholders will receive the ballots when registering in the attendance list. The General Meeting will first vote on proposals submitted by the Board of Directors or the Supervisory Board. If no proposals are approved or submitted, votes will be taken on (counter) proposals submitted by shareholders. Shareholders are not obliged to exercise the voting rights attached to all of their shares in the same way; this also applies to their representatives.

The Board of Directors has prepared the Report on Relations between the Controlling Entity and the Controlled Entity, and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (the "**Report on Relations**"). The Report on Relations (which has been verified by an auditor) indicates that the Company as a controlled entity suffered no harm as a result of the influence exercised by Philip Morris Holland Holdings B.V. as the controlling entity in the 2023 accounting period.

A proposal for the distribution of the Company's profit generated in 2023, including determination of the shares in the Company's profit, the term of their payment and information concerning the financial institution which will make the payment of profit shares, forms Schedule 1 to this invitation.

The shares in the Company's profit for the year 2023 will be paid to the Company's shareholders: in the case of book-entered shares, to those that were listed in the extract from the Issue Register of the Company, i.e. in the register of book-entered securities maintained in accordance with a special legal regulation as at the date decisive for the exercise of the right to a profit share, i.e. **10 May 2024** (the "**Decisive Date for Exercising Profit Share Rights**"), and in the case of certificated shares, to those that were listed in the list of the Company's shareholders as at the Decisive Date for Exercising Profit Share Rights (unless it is proven that the relevant entry in the list of the Company's shareholders fails to reflect the actual state of affairs as at that date).

All documents and information relating to the General Meeting, including the Annual Financial Report, the ordinary financial statements, the ordinary consolidated financial statements and main data from such financial statements, which must be published pursuant to Section 120b (1) (a), (b), (d) to (f) of the Capital Market Undertakings Act, as well as the forms of the power of attorney documents for representation of the Company's shareholders at the General Meeting will be available for inspection and can be obtained at the Company's registered office, i.e. in Kutná Hora, Vítězná 1, postcode: 284 03, from 27 March 2024 to 30 April 2024, always on business days from 2:00 p.m. to 5:00 p.m. All the above information and documents are also published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in the section titled "For Shareholders".

Information for shareholders, including printed source materials for the proceedings at the General Meeting, will be available at the information centre at the venue of the General Meeting.

#### **Draft resolutions on the individual points of the agenda of the General Meeting and their reasoning**

**Re point 2 of the agenda** (Election of the Chairperson of the General Meeting, Minutes Clerk, Minutes Verifiers and Scrutineers, and approval of the Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting)

##### Draft resolution:

Mgr. Martin Hájek is elected as Chairperson of the General Meeting.

Zuzana Dušková is elected as Minutes Clerk of the General Meeting.

The following persons are elected as Minutes Verifiers of the General Meeting:

- (i) Milan Vácha; and
- (ii) Beata Pöthe.

The following persons are elected as Scrutineers of the General Meeting:

- (i) Petr Brant; and
- (ii) Ing. Martin Hlaváček.

##### Reasoning:

The proposal for filling in the positions of the General Meeting's bodies is based on the requirements set out in the Corporations Act and the Company's Articles of Association and follows upon the hitherto practice of the Company. In view of their qualifications and experience, the Board of Directors considers the proposed persons to be suitable candidates for holding the offices specified above.

##### Draft resolution:

The General Meeting approves the Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting of Philip Morris ČR a.s. in the wording submitted by the Board of Directors of the Company, which form Schedule 2 to this Invitation to the General Meeting.

Reasoning:

The Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting represent an instrument foreseen by the Company's Articles of Association and, at the same time, a standard instrument used at the Company's General Meetings. The wording proposed by the Board of Directors is based on the hitherto practice of the Company and the requirements set out in the Corporations Act and the Company's Articles of Association.

The draft Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting form an integral part of this invitation and Schedule 2 to this invitation.

**Re point 3 of the agenda** (The Report of the Board of Directors on the Business Activities of the Company, the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity, the Report on Corporate Governance of the Company and the Summary Explanatory Report concerning certain matters mentioned in the 2023 Annual Financial Report of the Company, the proposal for the approval of the 2023 ordinary financial statements and the 2023 ordinary consolidated financial statements, and the proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares)

Statement of the Company's Board of Directors:

Similarly as in 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. Furthermore, in accordance with the requirement set out in Section 118 (6) of the Capital Market Undertakings Act, the Board of Directors submits to the shareholders the Report on Corporate Governance, including the Summary Explanatory Report concerning certain matters pursuant to Section 118 (4) and (5) of the Capital Market Undertakings Act. The Report on Corporate Governance, including the Summary Explanatory Report, the Report on the Business Activities of the Company as well as the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (the "**Report on Relations**"), prepared pursuant to Section 82 *et seq.* of the Corporations Act, are all contained in the Annual Financial Report of the Company for the 2023 calendar year accounting period.

The Board of Directors has also arranged for the preparation of the ordinary financial statements of the Company for the 2023 calendar year accounting period and of the ordinary consolidated financial statements of the Company for the 2023 calendar year accounting period, and for the verification of these financial statements by an auditor in accordance with the relevant legal and accounting regulations requiring the preparation of these documents. The Board of Directors submits the above-mentioned documents, which are also part of the 2023 Annual Financial Report of the Company, to the General Meeting for discussion. No voting is presumed under this point of the agenda.

The Company's economic result for the 2023 calendar year accounting period is a profit of CZK 3,338,998,541.13.

The Board of Directors proposes that the General Meeting of the Company approves the Report of the Board of Directors on the Business Activities of the Company, the ordinary financial statements of the Company for the 2023 calendar year accounting period, the ordinary consolidated financial statements of the Company for the 2023 calendar year accounting period, and the proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares.

**Re point 4 of the agenda** (The Supervisory Board Report)

Statement of the Company's Board of Directors:

The purpose of this point of the agenda is to provide the results of the Supervisory Board supervisory activities and a report on the results of its review of the Report on Relations for the year 2023, which will be presented by an authorised member of the Supervisory Board within the meaning of the requirements of Sections 83 (1), 447 (3) and 449 (1) of the Corporations Act.

During the entire 2023 calendar year, the Supervisory Board of the Company monitored and evaluated the development and management of the Company's activities, in particular its financial position and activities in this area. Within its supervisory activities, the Supervisory Board also closely cooperated with another body of the Company, the audit committee, in all matters falling within the scope of competence 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 2023 calendar year accounting period in accordance with the legal regulations in force and the Company's Articles of Association, which it submits to the General Meeting for discussion and acknowledgement. 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 supervisory activities of the Supervisory Board. In accordance with the legal regulations in force, the Supervisory Board also reviewed the Report on Relations prepared for the year 2023 the 2023 ordinary financial statements, the 2023 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 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares. The Board of Directors declares that the Supervisory Board has not raised any objections to the above-mentioned documents. In the opinion of the Supervisory Board, the above-mentioned documents have been prepared in a due manner, in accordance with the applicable legal regulations and the Company's Articles of Association. No voting is presumed under this point of the agenda.

**Re point 5 of the agenda** (Approval of the Report of the Board of Directors on the Business Activities of the Company, the 2023 ordinary financial statements and the 2023 ordinary consolidated financial statements, and the proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years, including an indication of the amount of profit shares)

Draft resolution:

The Report of the Board of Directors on the Business Activities of the Company is hereby approved in the wording submitted by the Company's Board of Directors in the form of its publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

The ordinary financial statements of the Company for the 2023 calendar year accounting period are hereby approved in the wording submitted by the Company's Board of Directors in the form of their publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders", as part of the Annual Financial Report.

The ordinary consolidated financial statements of the Company for the 2023 calendar year accounting period are hereby approved in the wording submitted by the Company's Board of Directors in the form of their publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders", as part of the Annual Financial Report.

The following distribution of the profit for the year 2023 and a part of the retained earnings from prior years is approved:

The Company's after-tax profit for the 2023 calendar year accounting period in the amount of CZK 3,338,998,541.13 and a part of the retained earnings of the Company from prior years in the amount of CZK 10,372,378.87, i.e. in aggregate CZK 3,349,370,920.00 will be paid to the Company's shareholders as profit shares. The retained earnings of the Company from prior years in the amount of CZK 27,309,388.18 will remain undistributed. A gross profit share in the amount of CZK 1,220 will thus apply to each 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 rights is 10 May 2024, i.e. the profit shares will be paid to shareholders who will hold shares of the Company as at 10 May 2024.

Shareholders will be paid their profit shares 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, File No. 1171.

Shareholders will be invited to send their settlement data and other supporting documents to Česká spořitelna, a.s. for the purpose of payment of their profit shares via the "Notification of the Payment of Proceeds from Securities", which will be published on 14 May 2024 in a manner allowing for remote

access on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders", and which will further stipulate more detailed instructions necessary for the payment of the profit shares.

Profit shares will be paid to the shareholders who are **individuals** during the set payment period only by wireless money transfer to the shareholders' bank accounts specified in the list of shareholders maintained by the Company, or in the register of book-entered securities in the case of book-entered shares, after the shareholders submit all the necessary documents. If the relevant bank account number is not entered in the list of shareholders or in the register of book-entered securities (or the number is not up-to-date), the relevant profit share will be paid to the bank account which the shareholder notifies to the Company through Česká spořitelna, a.s. for this purpose.

Shareholders who are individuals with a tax domicile in the Czech Republic and a bank account maintained with a bank in the Czech Republic that provides its clients with electronic identity verification in the form of a bank identity, the "Bank iD", may also be paid their profit shares on the basis of a request by the relevant shareholder submitted via the web application of Česká spořitelna, a.s. on the website [www.vyplatadividend.cz](http://www.vyplatadividend.cz) using identity verification in the form of the Bank iD.

The method of payment of profit shares via the Bank iD referred to in the preceding paragraph above may also be used, for shareholders who are individuals with a tax domicile of the Czech Republic and a bank account maintained with a bank in the Czech Republic, for the payment of unclaimed (uncollected) or unpaid profit shares from previous years, provided that the entitlement to payment of such profit shares for previous years still exists, has not been time-barred or has not ceased to exist for any other reason. For the avoidance of doubt, it is stated that the payment of such profit shares in the aforementioned manner may be requested from 17 June 2024 (i.e. from the beginning of the payment period set out below).

Profit shares will be paid to the shareholders who are individuals after the shareholders submit all the necessary documents, including a declaration by the beneficial (ultimate) owner of the income and, 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, also after the shareholder submits a certificate of tax domicile.

The maturity date of the profit shares is set at **17 June 2024**. The payment period will last **from 17 June 2024 to 31 March 2025**. The "Notifications of the Payment of Proceeds from Securities" and information on the required documents will be published on the Company's website <http://www.philipmorris.cz>, in the section titled "For Shareholders", and will also be provided by Česká spořitelna, a.s.

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

Profit shares will be paid to the shareholders who are **legal entities** only by wireless money transfer to the shareholders' bank accounts specified in the list of shareholders maintained by the Company, or in the register of book-entered securities in the case of book-entered shares. If the relevant bank account number is not entered in the list of shareholders or in the register of book-entered securities (or the number is not up-to-date), the relevant profit share will be paid to the bank account which the shareholder notifies to the Company through Česká spořitelna, a.s. for this purpose. Shareholders who are legal entities (or legal arrangements) will only be paid their profit shares after the shareholders fulfil the statutory conditions for the payment of profit shares (including the registration of the beneficial owner of each particular shareholder who is a legal entity (or legal arrangement) in the Register of Beneficial Owners (hereinafter referred to as the "**Czech Beneficial Owner Register**") in accordance with Section 53 (2) of the Act on Register of Beneficial Owners, if the shareholder is obliged to arrange for the registration of the beneficial owner or if the provisions of the above Act and the obligation to register the beneficial owner in the Czech Beneficial Owner Register applies to the shareholder), as well as after supplying all other required supporting documents, and, 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, also after the shareholder submits a certificate of tax domicile.

Česká spořitelna, a.s. will be checking the registrations of beneficial owners in the Czech Beneficial Owner Register, and shareholders who have no beneficial owner registered as at the date of payment of profit shares by Česká spořitelna, a.s. will not be paid their profit shares. If a profit share is not paid to the relevant shareholder (legal arrangement) due to the absence of registration of its beneficial owner



in the Czech Beneficial Owner Register **by 31 December 2024, the right to that profit share will cease to exist** (Sections 53 (2) and (3) of the Act on Register of Beneficial Owners).

A shareholder claiming a profit share or its payment within a payment period after 31 December 2024 must demonstrate and prove that its right to a profit share **has not ceased to exist** due to the absence of registration of its beneficial owner in the Czech Beneficial Owner Register **by 31 December 2024**. Otherwise, the profit share will not be paid to that shareholder due to the fact that the shareholder's right to that payment has ceased to exist.

Contact persons at Česká spořitelna, a.s.:

Department: A332\_01 Management of Financial Markets Products

Naděžda Šmídová

E-mail: vyplatadividend@csas.cz

Milan Williams

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Contact telephone: 956 765 438

Contact address for delivery of documents for payments:

Česká spořitelna, a.s.

Department: A332\_01 Management of Financial Markets Products

Budějovická 1518/13b

140 00 Prague 4

Reasoning:

Discussion and approval of the ordinary financial statements and ordinary consolidated financial statements is based on the requirements set out in the Corporations Act and the Company's Articles of Association. The Company has an obligation to annually prepare the above-mentioned documents and the Board of Directors submits the documents for approval to the General Meeting of the Company in accordance with the Corporations Act. The particular ordinary financial statements and ordinary consolidated financial statements for the 2023 calendar year accounting period give a true and fair view of the affairs and asset transfers and of other assets, liabilities and other liability items, expenses and earnings and economic results of the Company and the consolidated unit of the Company. The ordinary financial statements and ordinary consolidated financial statements for the 2023 calendar year accounting period have been approved by the auditor of the Company without any reservations and reviewed by the Supervisory Board, which has not found any deficiencies and, therefore, recommended them to the General Meeting for approval (see the Supervisory Board's Report under point 4 of the agenda of the General Meeting). The ordinary financial statements and ordinary consolidated financial statements for the 2023 calendar year accounting period are **included in the Annual Financial Report**. The Annual Financial Report is published in a manner allowing for remote access on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

The authority to adopt resolutions on distribution of the Company's profit lies with the Company's General Meeting according to the Corporations Act and the Company's Articles of Association. A share in profit 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 2023 and a part of the retained earnings from prior years in the amount which corresponds to the requirements of the Corporations Act and the Company's Articles of Association. The amount of the profit to be distributed is stated in the proposed resolution. This draft resolution specifies the amount of the profit share per each share as well as other information for payment of the profit shares, i.e. the date decisive for exercising profit share rights. In the view of the Board of Directors, the proposed amount of the profit shares to be paid out reflects the achieved economic results, financial possibilities and needs of the

Company, and in particular the exercise of the shareholder rights to payment of the profit shares will not hinder the current or 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's Report under point 4 of the agenda of the General Meeting).

The requirement to enter the beneficial owner in the Czech Beneficial Owner Register applicable to any shareholder who is obliged to arrange for such entry, as a condition for payment of a profit share, reflects the provisions of Act No. 37/2021 Coll., on Register of Beneficial Owners, as amended.

**Re point 6 of the agenda** (Approval of the 2023 Remuneration Report)

Draft resolution:

The 2023 Remuneration Report is hereby approved in the wording submitted by the Board of Directors of the Company, which forms Schedule 3 to the Invitation to the General Meeting.

Reasoning:

In accordance with Section 121o of the Act on Business Activities on the Capital Market, the Company has prepared a report on remuneration of the members of the Board of Directors and the Supervisory Board for the 2023 calendar year accounting period, which provides a complete overview of the remuneration granted or payable during the 2023 calendar year accounting period to the members of the Board of Directors and the Supervisory Board directly by the Company or by a company of the Philip Morris group. The submitted Remuneration Report has been audited in accordance with law. In accordance with the requirement of Section 121o (3) of the Act on Business Activities on the Capital Market, the Board of Directors submits the 2023 Remuneration Report to the General Meeting for approval.

The Remuneration Report serves to inform the shareholders of the actual remuneration paid to the members of the Board of Directors and the Supervisory Board. The wording of the 2023 Remuneration Report submitted by the Board of Directors to the General Meeting for approval is published in a manner allowing for remote access at the following website: <http://www.philipmorris.cz>, in the section titled "For shareholders". The 2023 Remuneration Report is also 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, from 27 March 2024 to 30 April 2024, always on business days between 2:00 p.m. and 5:00 p.m. Any shareholder may request that a copy of the 2023 Remuneration Report be sent to it at the shareholder's own expense and risk.

The 2023 Remuneration Report forms an integral part of this invitation and is attached to it as Schedule 3.

**Re point 7 of the agenda** (Approval of the Remuneration Policy)

Draft resolution:

The Remuneration Policy of the Company is hereby approved in the wording submitted by the Board of Directors of the Company, which forms Schedule 4 to the Invitation to the General Meeting.

Reasoning:

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. The General Meeting of the Company adopted a decision on 1 July 2020, via the decision-making performed outside the meeting (*per rollam*), by which it approved the Remuneration Policy of the Company. Under Section 121k of the Capital Market Undertakings Act, the Board of Directors of the issuer of shares is obliged to submit to the General Meeting the remuneration policy for approval in case of material changes or at least once every four years. Given that the four-year period for submitting the remuneration policy to the General Meeting for approval will expire this year, the Board of Directors is submitting a restated draft of the Remuneration Policy to the General Meeting for approval.

The draft Remuneration Policy submitted by the Board of Directors to the General Meeting for approval merely clarifies some of its provisions regarding the Remuneration Report of the Company, otherwise it does not contain any significant changes compared to the Remuneration Policy approved by the Company on 1 July 2020. The draft Remuneration Policy submitted by the Board of Directors becomes effective on the date of its approval by the General Meeting. The draft remuneration Policy is also published in a manner allowing for remote access at the following website: <http://www.philipmorris.cz>, in the section titled "For shareholders" and is also 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, from 27 March 2024 to 30 April 2024, always on business days between 2:00 p.m. and 5:00 p.m. Any shareholder may request that a copy of the Remuneration Policy be sent to it at the shareholder's own expense and risk.

The draft Remuneration Policy forms an integral part of this invitation and is attached to it as Schedule 4.

**Re point 8 of the agenda** (Election of Ms. Eugenia Panato and Mr. Tamás Szabados as members of the Board of Directors, Ms. Tamara Milovanovic, Ms. Alena Zemplerová and Ms. Stanislava Juríková as members of the Supervisory Board, and approval of the Agreements on the Performance of the Office of Members of the Board of Directors and Supervisory Board)

Draft resolution:

Ms. Eugenia Panato, born on 7 November 1979, residing at Via Po No. 116, Rome, Italy, is elected as a member of the Board of Directors of the Company.

Mr. Tamás Szabados, born on 28 March 1971, residing at H-2111 Szada, Földvár str. 1, Hungary, is elected as a member of the Board of Directors of the Company.

Reasoning:

The election of Ms. Eugenia Panato as a member of the Board of Directors of the Company is proposed in connection with the vacancy in the Board of Directors due to the resignation of Mr. Anton Kirilov Stankov as a member of the Board of Directors effective as of 31 December 2023 and in connection with the fact that she was appointed as a substitute member of the Board of Directors on 1 January 2024 until the next General Meeting, in accordance with Article 14 (4) of the Company's Articles of Association (co-optation).

The election of Mr. Tamás Szabados as a member of the Company's Board of Directors is proposed in connection with the vacancy in the Board of Directors due to the resignation of Mr. Petr Šedivec as a member of the Board of Directors effective as of 31 May 2023 and in connection with the fact that he was appointed as a substitute member of the Board of Directors on 1 June 2023 until the next General Meeting, in accordance with Article 14 (4) of the Company's Articles of Association (co-optation).

The proposed members of the Board of Directors meet the requirements arising from the Corporations Act concerning the performance of office of 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 holding the above-mentioned offices of members of the Board of Directors.

Draft resolution:

The Agreement on the Performance of the Office of a Member of the Board of Directors concluded on 26 March 2024 between Philip Morris ČR a.s. and a member of the Board of Directors of Philip Morris ČR a.s., Ms. Eugenia Panato, is hereby approved in the wording submitted by the Board of Directors of the Company in the form of its publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

The Agreement on the Performance of the Office of a Member of the Board of Directors concluded on 26 March 2024 between Philip Morris ČR a.s. and a member of the Board of Directors of Philip Morris ČR a.s., Mr. Tamás Szabados, is hereby approved in the wording submitted by the Board of Directors of the Company in the form of its publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

Reasoning:

The Agreement on the Performance of the Office represents a standard instrument defining mutual rights and obligations of the Company and a member of the Board of Directors and also 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 its approval are based on the standard template of the Agreement on the Performance of the Office used by the Company in the past and respect the existing practise within the Company while taking into consideration the requirements set out in the Corporations Act. The Agreements on the Performance of the Office entered into with the members of the Board of Directors, Ms. Eugenia Panato and Mr. Tamás Szabados, are available at the registered office of the Company, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, from 27 March 2024 to 30 April 2024, always on business days between 2:00 p.m. and 5:00 p.m., and on the website <http://www.philipmorris.cz>, in the section titled "For Shareholders".

Draft resolution:

Ms. Tamara Milovanovic, born on 2 November 1980, residing at Gospodar-Jevremova 17, Belgrade, Serbia, is elected as a member of the Supervisory Board of the Company.

Ms. Alena Zemplerová, born on 9 October 1952, residing at Romana Blahníka 801, Zbraslav, 156 00 Prague 5, Czech Republic, is elected as a member of the Supervisory Board of the Company, effective as of the date following the expiry of her current term of office as a member of the Supervisory Board, i.e. as of 23 May 2024.

Ms. Stanislava Juríková, born on 12 December 1973, residing at Vlnitá 438/18, Braník, 147 00 Prague 4, Czech Republic, is elected as a member of the Supervisory Board of the Company, effective as of the date following the expiry of her current term of office as a member of the Supervisory Board, i.e. as of 23 May 2024.

Reasoning:

The election of Ms. Tamara Milovanovic as a member of the Supervisory Board of the Company is proposed in connection with the vacancy in the Supervisory Board due to the resignation of Mr. Stefan Bauer as a member and chairperson of the Supervisory Board effective as of 26 September 2023 and in connection with the fact that she was appointed as a substitute member of the Supervisory Board on 26 September 2023 until the next General Meeting, in accordance with Article 17 (2) of the Company's Articles of Association (co-optation).

The election of Ms. Alena Zemplerová as a member of the Supervisory Board of the Company is proposed in connection with her expiring term of office; she is being proposed for re-election as a member of the Supervisory Board. Ms. Alena Zemplerová's current term of office expires on 22 May 2024.

The election of Ms. Stanislava Juríková as a member of the Supervisory Board of the Company is proposed in connection with her expiring term of office; she is being proposed for re-election as a member of the Supervisory Board. Ms. Stanislava Jurikova's current term of office expires on 22 May 2024.

The proposed members of the Supervisory Board meet the requirements arising from the Corporations Act concerning the performance of office of members of the Supervisory Board. In view of their experience and qualifications, the proposed members of the Supervisory Board are suitable candidates for holding the above-mentioned offices in the Supervisory Board.

Since in the event that Ms. Alena Zemplerová and Ms. Stanislava Juríková are elected as members of the Supervisory Board, they will be re-elected for the next immediately following term of office, no new Agreement on the Performance of the Office of a Member of the Supervisory Board will be concluded between the Company and Ms. Alena Zemplerová and Ms. Stanislava Juríková, as in accordance with Article 13 (6) of the Agreement on the Performance of the Office of a Member of the

Supervisory Board, the previously concluded Agreement on the Performance of the Office remains valid and effective for the duration of the next term of office of the member of the Supervisory Board.

Draft resolution:

The Agreement on the Performance of the Office of a Member of the Supervisory Board concluded on 26 March 2024 between Philip Morris ČR a.s. and a member of the Supervisory Board of Philip Morris ČR a.s., Ms. Tamara Milovanovic, is hereby approved in the wording submitted by the Board of Directors of the Company in the form of its publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

Reasoning:

The Agreement on the Performance of the Office represents a standard instrument defining mutual rights and obligations of the Company and a member of the Supervisory Board and also represents one of the motivating instruments for the performance of office by a member of the Supervisory Board. The approval of the Agreements on the Performance of the Office entered into with members of the Supervisory Board falls within the authority of the Company's General Meeting. The Agreement on the Performance of the Office of a Member of the Supervisory Board submitted to the General Meeting for its approval is based on the standard template of an Agreement on the Performance of the Office used by the Company in the past and respects the existing practise within the Company while taking into consideration the requirements set out in the Corporations Act. The Agreement on the Performance of the Office entered into with Ms. Tamara Milovanovic, is available at the registered office of the Company, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, from 27 March 2024 to 30 April 2024, always on business days between 2:00 p.m. and 5:00 p.m., and on the website <http://www.philipmorris.cz>, in the section titled "For Shareholders".

**Re point 9 of the agenda** (Election of Ms. Tamara Milovanovic and Ms. Stanislava Juríková as members of the Audit Committee and approval of the Agreement on the Performance of the Office of a Member of the Audit Committee)

Draft resolution:

Ms. Tamara Milovanovic, born on 2 November 1980, residing at Gospodar-Jevremova 17, Belgrade, Serbia, is elected as a member of the Audit Committee of the Company.

Ms. Stanislava Juríková born on 12 December 1973, residing at Vlnitá 438/18, Braník, 147 00 Prague 4, Czech Republic, is elected as a member of the Audit Committee of the Company, effective as of the date following the expiry of her current term of office as a member of the Audit Committee, i.e. as of 23 May 2024.

Reasoning:

The election of Ms. Tamara Milovanovic as a member of the Audit Committee of the Company is proposed in connection with the vacancy in the Audit Committee due to the resignation of Mr. Stefan Bauer as a member of the Audit Committee effective as of 26 September 2023 and in connection with the fact that she was appointed as a substitute member of the Audit Committee on 26 September 2023 until the next General Meeting, in accordance with Article 20 (4) of the Company's Articles of Association (co-optation).

The election of Ms. Stanislava Juríková as a member of the Audit Committee of the Company is proposed in connection with her expiring term of office; she is being proposed for re-election as a member of the Audit Committee. Ms. Stanislava Juríková's current term of office expires on 22 May 2024.

The proposed members of the Audit Committee meet the requirements arising from the Auditors Act and the Company's Articles of Association. In view of their experience and qualifications, the proposed members of the Audit Committee are suitable candidates for holding the above-mentioned offices in the Audit Committee.

Since in the event that Ms. Stanislava Juríková is elected as a member of the Audit Committee, she will be re-elected for the next immediately following term of office, no new Agreement on the Performance of the Office of a Member of the Audit Committee will be concluded between the Company and Ms. Juríková, as in accordance with Article 12 (6) of the Agreement on the Performance of the Office of a Member of the Audit Committee, the previously concluded Agreement on the Performance of the Office remains valid and effective for the duration of the next term of office of the member of the Audit Committee.

Draft resolution:

The Agreement on the Performance of the Office of a Member of the Audit Committee concluded on 26 March 2024 between Philip Morris ČR a.s. and a member of the Audit Committee of Philip Morris ČR a.s., Ms. Tamara Milovanovic, is hereby approved in the wording submitted by the Board of Directors of the Company in the form of its publication on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders".

Reasoning:

The Agreement on the Performance of the Office represents a standard instrument defining mutual rights and obligations of the Company and a member of the Audit Committee and also represents one of the motivating instruments for the performance of office by a member of the Audit Committee. The approval of the Agreements on the Performance of the Office entered into with members of the Audit Committee falls within the authority of the Company's General Meeting. The Agreement on the Performance of the Office of a Member of the Audit Committee submitted to the General Meeting for its approval is based on the standard template of an Agreement on the Performance of the Office used by the Company in the past and respects the existing practise within the Company while taking into consideration the requirements set out in the Corporations Act. The Agreement on the Performance of the Office entered into with Ms. Tamara Milovanovic is available at the registered office of the Company, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, from 27 March 2024 to 30 April 2024, always on business days between 2:00 p.m. and 5:00 p.m., and on the website <http://www.philipmorris.cz>, in the section titled "For Shareholders".

**Re point 10 of the agenda (Appointment of the Company's auditor)**

Draft resolution:

Mazars Audit s.r.o., whose registered office is at Pobřežní 620/3, Karlín, 186 00 Prague 8, identification number: 639 86 884, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. C 38404, is appointed the auditor of the Company for the 2024 calendar year accounting period, incl. the statutory audit and the assurance of sustainability reporting.

Reasoning:

The authority to appoint the Company's auditor lies with the General Meeting of the Company in accordance with the Auditors Act and the Company's Articles of Association.

The proposed auditor is a recognized company with sufficient capacity and expertise and many years of experience and expertise in the field of auditing, which provides guarantees of independence in the performance of the audit engagement, and thus meets the requirements arising from law for appointment as auditor. The proposed auditor was the Company's auditor in the past and was recommended by the Audit Committee to the Supervisory Board, which proposed this auditor to the General Meeting for approval. The Audit Committee's recommendation was presented in accordance with the provisions of the Regulation on specific requirements regarding statutory audit of public-interest entities. The Audit Committee's recommendation was not subject to the influence of a third party and is not subject to any arrangement between the Company and a third party that would restrict the selection of the statutory auditor.

The proposed auditor has therefore also 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 auditor of the Company for the year 2024, incl. the statutory audit and the assurance of sustainability reporting.

*Please note that the only authoritative version of this document is the version in the Czech language.  
The English version of this document has been prepared for information purposes only.*

**Main data from the 2023 ordinary financial statements (in CZK millions)**

Non-current assets: .....	3,167	Registered capital and reserves: .....	5,125
Current assets: .....	11,648	Retained earnings from prior years: .....	38
.....		Earnings for the current period: .....	3,339
.....		Non-current liabilities: .....	295
.....		Current liabilities: .....	6,018
<b>Total assets: .....</b>	<b>14,815</b>	<b>Total equity and liabilities: .....</b>	<b>14,815</b>

**Main data from the 2023 ordinary consolidated financial statements (in CZK millions)**

Non-current assets: .....	3,328	Registered capital and reserves: .....	5,134
Current assets: .....	12,574	Retained earnings from prior years: .....	39
.....		Earnings for the current period: .....	3,344
.....		Non-current liabilities: .....	362
.....		Current liabilities: .....	7,023
<b>Total assets: .....</b>	<b>15,902</b>	<b>Total equity and liabilities: .....</b>	<b>15,902</b>

**Schedules:**

The following schedules form integral parts of this invitation:

1. Proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years.
2. Draft Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting of the Company.
3. 2023 Remuneration Report.
4. Draft Remuneration Policy.

In Kutná Hora, on March 26, 2024

**Philip Morris ČR a.s.**



Andrea Gontkovičová  
Chairperson of the Board of Directors of the Company

**Philip Morris ČR a.s.**



Eugenia Panato  
Member of the Board of Directors of the Company



## SCHEDULE 1

### Proposal for the distribution of profit for the year 2023 and a part of the retained earnings from prior years

(in CZK)

Profit after tax for the year 2023	3,338,998,541.13
Profit share for the year 2023	3,338,998,541.13
Retained earnings from prior years to be paid as profit shares (dividends)	10,372,378.87
Retained earnings from prior years which will remain undistributed	27,309,388.18

The proposed gross profit share per share with a nominal value of CZK 1,000 is CZK 1,220.00, with the total number of these shares being 2,745,386 .

The decisive date for exercising profit share rights is 10 May 2024, i.e. the profit shares will be paid to shareholders who held shares of the Company as at 10 May 2024.

Shareholders will be paid their profit shares 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, File No. 1171.

Shareholders will be invited to send their settlement data and other supporting documents to Česká spořitelna, a.s. for the purpose of payment of their profit shares via the "Notification of the Payment of Proceeds from Securities", which will be published on 14 May 2024 in a manner allowing for remote access on the Company's website <http://www.philipmorris.cz>, in the section titled "For shareholders", and which will further stipulate more detailed instructions necessary for the payment of profit shares.

Profit shares will be paid to the shareholders who are **individuals** during the set payment period only by wireless money transfer to the shareholders' bank accounts specified in the list of shareholders maintained by the Company, or in the register of book-entered securities in the case of book-entered shares, after the shareholders submit all the necessary documents. If the relevant bank account number is not entered in the list of shareholders or in the register of book-entered securities (or the number is not up-to-date), the relevant profit share will be paid to the bank account which the shareholder notifies to the Company through Česká spořitelna, a.s. for this purpose.

Shareholders who are individuals with a tax domicile in the Czech Republic and a bank account maintained with a bank in the Czech Republic that provides its clients with electronic identity verification in the form of a bank identity, the "Bank iD", may also be paid their profit shares on the basis of a request by the relevant shareholder submitted via the web application of Česká spořitelna, a.s. on the website [www.vyplatadividend.cz](http://www.vyplatadividend.cz) using identity verification in the form of the Bank iD.

The method of payment of profit shares via the Bank iD referred to in the preceding paragraph above may also be used, for shareholders who are individuals with a tax domicile of the Czech Republic and a bank account maintained with a bank in the Czech Republic, for the payment of unclaimed (uncollected) or unpaid profit shares from previous years, provided that the entitlement to payment of such profit shares for previous years still exists, has not been time-barred or has not ceased to exist for any other reason. For the avoidance of doubt, it is stated that the payment of such profit shares in the aforementioned manner may be requested from 17 June 2024 (i.e. from the beginning of the payment period set out below).

Profit shares will be paid to the shareholders who are individuals after the shareholders submit all the necessary documents, including a declaration by the beneficial (ultimate) owner of the income and, 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, also after the shareholder submits a certificate of tax domicile.

The maturity date of the profit shares is set at **17 June 2024**. The payment period will last **from 17 June 2024 to 31 March 2025**. The "Notifications of the Payment of Proceeds from Securities" and information on the required documents will be published on the Company's website <http://www.philipmorris.cz>, in the section titled "For Shareholders", and will also be provided by Česká spořitelna, a.s.

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

Profit shares will be paid to the shareholders who are **legal entities only by wireless money transfer to the shareholders' bank accounts specified in the list of shareholders maintained by the Company, or in the register of book-entered securities in the case of book-entered shares**. If the relevant bank account number is not entered in the list of shareholders or in the register of book-entered securities (or the number is not up-to-date), the relevant profit share will be paid to the bank account which the shareholder notifies to the Company through Česká spořitelna, a.s. for this purpose. Shareholders who are legal entities (or legal arrangements) will only be paid their profit shares after the shareholders fulfil the statutory conditions for the payment of profit shares (including the registration of the beneficial owner of each particular shareholder who is a legal entity (or legal arrangement) in the Register of Beneficial Owners (hereinafter referred to as the "**Czech Beneficial Owner Register**") in accordance with Section 53 (2) of the Act on Register of Beneficial Owners, if the shareholder is obliged to arrange for the registration of the beneficial owner or if the provisions of the above Act and the obligation to register the beneficial owner in the Czech Beneficial Owner Register applies to the shareholder), as well as after supplying all other required supporting documents, and, 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, also after the shareholder submits a certificate of tax domicile.

Česká spořitelna, a.s. will be checking the registrations of beneficial owners in the Czech Beneficial Owner Register, and shareholders who have no beneficial owner registered as at the date of payment of profit shares by Česká spořitelna, a.s. will not be paid their profit shares. If a profit share is not paid to the relevant shareholder (legal arrangement) due to the absence of registration of its beneficial owner in the Czech Beneficial Owner Register **by 31 December 2024, the right to that profit share will cease to exist** (Sections 53 (2) and (3) of the Act on Register of Beneficial Owners).

A shareholder claiming a profit share or its payment within a payment period after 31 December 2024 must demonstrate and prove that its right to a profit share **has not ceased to exist** due to the absence of registration of its beneficial owner in the Czech Beneficial Owner Register **by 31 December 2024**. Otherwise, the profit share will not be paid to that shareholder due to the fact that the shareholder's right to that payment has ceased to exist.

Contact persons at Česká spořitelna, a.s.:

Department: A332\_01 Management of Financial Markets Products

Naděžda Šmídová

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

Milan Williams

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

Contact telephone: 956 765 438

Contact address for delivery of documents for payments:

Česká spořitelna, a.s.

Department A332\_01 Management of Financial Markets Products

Budějovická 1518/13b

140 00 Prague 4

## SCHEDULE 2

### Draft Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting of the Company

**RULES OF PROCEDURE AND VOTING RULES**  
**Applicable to Proceedings at the General Meeting of**  
**Philip Morris ČR a.s.**  
**to be held on 30 April 2024**

#### Section 1

##### Basic Provisions

1. In accordance with Act No. 90/2012 Coll. on Companies and Cooperatives (the Corporations Act), as amended (the "**Corporations Act**"), these Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting of Philip Morris ČR a.s. (the "**Company**") govern the manner of registering the Company's shareholders, the proceedings of the General Meeting, the method in which shareholders exercise their rights at the General Meeting and the method of voting at the General Meeting.
2. For the purposes of these Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting, a "**shareholder**" also means a shareholder's proxy, unless stipulated otherwise.
3. Should the interpretation of any provision of these Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting be unclear or should a situation occur that is not provided for by generally binding legislation, the Company's Articles of Association or these Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting, the further proceedings of the General Meeting shall be decided on by the Chairperson of the General Meeting in compliance with the principles of the legal regulation of joint-stock companies contained in applicable law.

#### Section 2

##### Registration of Shareholders

1. Registration desks are set up for registering shareholders in an attendance list and for issuing identification cards and voting ballots to shareholders. By signing the registration card, each shareholder confirms that the shareholder was given the voting ballots and an identification card with an identification number corresponding to the number on the registration card. If any of the shareholders loses the shareholder's identification card, the registration desk will re-issue the identification card at the shareholder's request at any time during the General Meeting.
2. Shareholders' attendance will be registered throughout the duration of the General Meeting. At registration, authorised persons at the registration desks will verify the identity of the shareholders and their right to attend and vote at the General Meeting. Shareholders who sign the attendance list and do not express their will to end their attendance at the General Meeting by a written statement made at a registration desk are considered present for the entire duration of the General Meeting. If registration in the attendance list is refused, the fact of such refusal and its reason will be recorded in the attendance list.

#### Section 3

##### Rules of Procedure

1. The General Meeting shall be opened and presided over by the person convening the General Meeting or a person appointed by that person until the election of the Chairperson. If the General Meeting is convened by a collective body, this body must authorise one of its members (or resolve to authorise another person) to preside over the General Meeting until the Chairperson

is elected or, as the case may be, if no Chairperson of the General Meeting is elected. The task of the person convening the General Meeting or the person appointed by that person is to ensure that the General Meeting elects the Chairperson of the General Meeting, a minutes clerk, one or several verifiers of the minutes and a person or persons charged with counting the votes (scrutineers). Following the election of the Chairperson of the General Meeting, the General Meeting shall be further conducted by this Chairperson.

2. At the General Meeting, shareholders are entitled to require and obtain from the Company explanations in respect of matters relating to the Company and the entities controlled by the Company, should any such explanation be necessary for assessing matters on the agenda of the General Meeting or for the exercise of the shareholder rights at the General Meeting. Shareholders may request the explanations mentioned in the previous sentence in writing. Shareholders are entitled to file proposals and counterproposals in relation to the points on the agenda of the General Meeting. Proposals submitted by the Board of Directors or the Supervisory Board are voted on first. If these proposals are not adopted or presented, shareholders' (counter)proposals are voted on. Shareholders, members of the Board of Directors and members of the Supervisory Board may raise a protest concerning a resolution of the General Meeting.
3. The explanation may be provided in the form of a summary response to several similar issues. It shall be deemed that shareholders have been provided with an explanation even if the relevant information (the supplementing explanation in respect of individual points on the agenda of the General Meeting) is published on the Company's website no later than on the day preceding the date of the General Meeting and is available to the shareholders at the venue of the General Meeting. If the information is provided to the relevant shareholder, every other shareholder may also request such information without having to follow the procedure applicable to the exercise of the right to an explanation described above.
4. Shareholders may also file their proposals in relation to the issues which are to be included on the agenda of the General Meeting before the invitation to the General Meeting is published. Proposals delivered to the Company no later than five days before the publication of the invitation to the General Meeting shall be published by the Board of Directors, including an opinion of the Board of Directors, along with the invitation to the General Meeting, on the Company's website. Section 3 (5) of these Rules of Procedure and Voting Rules Applicable to Proceedings at the General Meeting shall apply analogously to the proposals delivered after this time limit.
5. Any proposals and counterproposals delivered to the Company no later than three days before the General Meeting shall be published by the Board of Directors without undue delay on the Company's website. If the proposals and counterproposals contain justifications, the Board of Directors shall also publish these justifications along with them. If the proposals and counterproposals are delivered at the latest five days before the General Meeting, the Board of Directors shall also publish its opinion on the received proposals and counterproposals without undue delay. A shareholder may submit proposals and counterproposals on matters on the agenda of the General Meeting also directly at the General Meeting.
6. Issues not included in the agenda of the General Meeting may only be discussed or decided on at the General Meeting if all shareholders of the Company agree with this.
7. Shareholders may file their requests for explanations, proposals, counterproposals and, if applicable, protests either in writing on a comment slip or orally at the invitation of the Chairperson of the General Meeting after proving their identity based on an identification card. The comment slip must contain the shareholder's identification number (as specified in the identification card) and the shareholder's signature. Shareholders must submit the comment slips to the information centre. When submitting a comment slip, the shareholder must prove the shareholder's identity by presenting the shareholder's identification card.
8. The General Meeting's information centre will number the comment slips according to the order in which they are received and will hand them over to the Chairperson of the General Meeting.
9. The Chairperson of the General Meeting decides on who is entitled to take the floor. A member of the Board of Directors and a member of the Supervisory Board must be permitted to take the floor whenever they request this. If anyone disturbs the proceedings of the General Meeting, the Chairperson of the General Meeting may reprimand this person and, if they fail to change

their behaviour even after being reprimanded, the Chairperson of the General Meeting may interrupt the General Meeting until order is restored.

#### Section 4

#### **Voting Rules**

1. Voting is performed by means of ballots, which the shareholders receive upon registration or, as the case may be, during the General Meeting based on an instruction of the Chairperson of the General Meeting. Each time before votes are cast, the Chairperson of the General Meeting will inform the shareholders of the resolution which is being voted on and which ballot should be used for this purpose. Each shareholder will indicate the relevant answer on the ballot by marking the chosen answer with a cross and by signing the ballot. If a shareholder is to use a substitute ballot or a ballot which the shareholder received during the course of the General Meeting based on an instruction of the Chairperson of the General Meeting, the shareholder must also fill in a number of the ballot announced by the Chairperson of the General Meeting. If using a ballot which the shareholder received during the course of the General Meeting based on an instruction of the Chairperson of the General Meeting, the shareholder must also fill in the shareholder's own identification number (as specified in the identification card).
2. Ballots which are not signed, ballots without a ballot number or with an incorrect ballot number and ballots containing no identification number or an incorrect identification number are invalid. Ballots which are torn, crossed-out, rewritten or otherwise invalidated (i.e. containing illegible or unclear information) will also be considered invalid. If a shareholder makes a mistake when filling in a ballot, the shareholder must ask a person charged with counting the votes (the "**Scrutineer**") for assistance. The shareholder may then correct the ballot in the presence of the Scrutineer and both of them must then confirm the correction by signing the ballot, or the Scrutineer may give the shareholder a new ballot.
3. After collecting the ballots, the Scrutineers will immediately start counting the votes. As soon as they ascertain that the number of votes necessary for making the decision on the proposed resolution has been achieved, they will inform the Chairperson of the General Meeting accordingly. The Scrutineers will then continue counting the remaining votes. The complete results will be recorded in the minutes of the General Meeting and, possibly, announced during the General Meeting. A record of the General Meeting's quorum has to be made when votes are taken on each draft resolution.

## **SCHEDULE 3**

### **2023 Remuneration Report**

**mazars**

This document is an English translation of the Czech auditor's conclusion.  
Only the Czech version of the conclusion is legally binding.

#### **INDEPENDENT AUDITOR 'S REPORT ON THE ASSURANCE ENGAGEMENT**

To the General Shareholders' Meeting of Philip Morris ČR a.s.

##### **Introduction**

We have been engaged by the Board of Directors of Philip Morris ČR a.s. (the "Company") on the basis of an agreement on the assessment of the Remuneration Report according to the Section 121q of the Act No. 256/2004 Coll. on Capital Market Business as amended (hereinafter the "Capital Market Business Act") to conduct a reasonable assurance engagement regarding the attached Remuneration Report for the year ended 31 December 2023 (the "Remuneration Report") prepared by the Company's Board of Directors and including information required by the Section 121p of the Capital Market Business Act.

##### **Applicable Criteria and Description of the Subject Matter**

The subject matter of our engagement was the assessment whether the Remuneration Report required by the Section 121q of the Capital Market Business Act includes the information required under the Section 121p of the Capital Market Business Act.

The auditor's task is not to verify the factual accuracy of the Remuneration Report and the information contained therein.

##### **Purpose of the Report**

This independent auditor's report is intended solely to meet the requirements of the Capital Market Business Act and for your information and may not be used for other purposes or distributed to other recipients. The report relates only to the Remuneration Report and may not be linked to the Company's financial statements as a whole.

##### **Responsibility of the Board of Directors**

The Board of Directors of the Company is responsible for preparation of the Remuneration Report according to the Section 121q of the Capital Market Business Act. The Board of Directors of the Company is responsible for publishing the Remuneration Report on the Company's website and for providing access to it free of charge for at least 10 years from the date of the general meeting at which the resolution evaluating the Remuneration Report was adopted.

The Board of Directors is also responsible for the preparation of financial data and non-financial information as well as for the design, implementation and maintenance of systems and processes of internal control and accounting records, that are necessary to enable preparation of a Remuneration Report that is free of material misstatements and complies with the applicable requirements.

##### **Auditor's Responsibility**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance that the Remuneration Report contains the required information.

We apply the principles of internal quality control standard ISQM 1 and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is

founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## Summary of the work performed

The procedures selected depend on our judgment. The procedures performed include, in particular, interviewing relevant persons and other procedures aimed at obtaining audit evidence about the Remuneration Report.

The verification performed is a contract expressing limited assurance. The nature, time-consuming and scope of the procedures performed for a verification engagement expressing limited assurance are limited compared to the requirements for an engagement expressing reasonable assurance, and therefore the associated level of assurance is lower.

Our procedures included, among others:

- understanding the resolutions of the general meeting of the Company regarding the remuneration policy for members of the Management Board and the Supervisory Board, other persons according to the Section 121m of the Capital Market Business Act, as well as any supplementary resolutions of the Supervisory Board and other documents regulating the remuneration policy subject to the disclosure requirement in the Remuneration Report;
- understanding the procedures adopted by the Supervisory Board and the Board of Directors to meet the requirements of the remuneration policy and preparation of the Remuneration Report, and assessment of the application of the applicable criteria for the preparation of the Remuneration Report;
- identifying a list of persons according to the Section 121m of the Capital Market Business Act for whom there is a requirement to include information in the Remuneration Report and verifying whether all information required by applicable criteria are disclosed in the Remuneration Report;
- assessing whether the Remuneration Report includes, in all material respects, the information required by the Section 121p of the Capital Market Business Act to any of the identified person as described above.

We draw your attention to the fact that the Remuneration Report was not subject to audit of the financial statements and annual report as defined in the Accounting Act No.563/1991 Coll., as amended. In the course of performing the assurance procedures, we have not conducted an audit or review of the financial information used for preparation of the Remuneration Report. However, as part of our procedures, we have assessed whether the information provided in the Remuneration Report is not in material conflict with the findings we have obtained during the audit of the Company's financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion expressed below.

## Conclusion

Based on our verification procedures and the obtained evidence, we have not identified any findings indicating that the Remuneration Report does not contain, in all material respects, the information required in the Section 121p (1) Capital Market Business Act.



Mazars Audit s.r.o.  
Licence No. 158  
Pobřežní 620/3  
186 00 Praha 8

Prague, 26 March 2024

Represented by Jan Kellner



Jan Kellner  
Statutory auditor, Licence No. 2225

**REMUNERATION REPORT**  
**of Philip Morris ČR a.s.**  
**for the accounting period from January 1, 2023 to December 31, 2023**

The remuneration report prepared by Philip Morris ČR a.s., with its registered office at Vítězná 1, Kutná Hora, postcode 284 03, identification number: 14803534, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 627 (hereinafter referred to as "PMCR" or the "Company"), provides a complete overview of the remuneration and benefits in any form provided or payable during the accounting period from January 1, 2023 to December 31, 2023 to the persons referred to in Section 121m (1) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (hereinafter referred to as the "Capital Market Undertakings Act") (hereinafter referred to as "Persons with Significant Relationship to the Company")

The following persons are the Persons with Significant Relationship to the Company:

Members of the Board of Directors of the Company:

- Andrea Gontkovičová, Chairperson of the Board of Directors
- Petr Šedivec, Member of the Board of Directors until May 31, 2023
- Petr Šebek, Member of the Board of Directors
- Anton Kirilov Stankov, Member of the Board of Directors until December 31, 2023
- Manuel Joao Almeida Do Vale Goncalves Marques, Member of the Board of Directors
- Cemal Berk Temuroglu, Member of the Board of Directors
- Tamás Szabados, Member of the Board of Directors as of June 1, 2023

Members of the Supervisory Board of the Company:

- Stefan Bauer, Chairperson of the Supervisory Board until September 26, 2023
- Prof. Alena Zemplerová, Member of the Supervisory Board
- Stanislava Juríková, Member of the Supervisory Board
- Sergio Colarusso, Member of the Supervisory Board until March 27, 2023
- Tomáš Hilgard, Member of the Supervisory Board as of March 17, 2023
- Jan Kodaj, Member of the Supervisory Board as of March 17, 2023
- Seamus Minihan, Member of the Supervisory Board as of April 28, 2023
- Tamara Milovanovic, Chairperson of the Supervisory Board as of September 26, 2023

I

**Information on the total amount of remuneration**  
**(Section 121p (1) (a) of the Capital Market Undertakings Act)**

(Information on all remuneration provided by the Company to the Persons with Significant Relationship to the Company or payable in the accounting period from January 1, 2023 to December 31, 2023)

The total amount of remuneration and its individual components correspond to the remuneration policy which was approved on the basis of the decision-making of the General Meeting of the Company performed outside the meeting (*per rollam*) as at June 30, 2020 and which is published on the Company's website: <http://www.philipmorris.cz> in the section "For Shareholders" (hereinafter referred to as the "Remuneration Policy"). The total amount of remuneration is determined in accordance with the Company's long-term interests, i.e. with the Company's business strategy and other values, and reflects the requirements of legal regulations as well as the principles of good corporate governance. It also supports the Company's long-term performance, in particular by emphasising sustainability and effective risk management and taking into account shareholder requirements regarding the growth in the value of the Company's shares and the achievement of business results that are economically favourable for the Company. This requirement is



primarily reflected in the variable component of the remuneration of the Persons with Significant Relationship to the Company, where the amount of the remuneration received by these persons is derived from the economic results achieved by Philip Morris International Inc. or its controlled companies, with the exception of PMCR (hereinafter referred to as the "PMI" or "PMI Group"), and the Company. The variable component of remuneration also depends on the performance of and fulfilment of objectives by the relevant Persons with Significant Relationship to the Company, and serves primarily to attract, retain and motivate these persons. The fixed component of remuneration is determined primarily on the basis of professional experience and responsibility of the Persons with Significant Relationship to the Company.

Performance criteria that apply to the assessment of the set Company's objectives have also been reflected in the total remuneration amount. The criteria for assessing the set objectives are

- quantitative: the achievement of operating profit, cash flows, sales volume and market share; and
- qualitative: 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 economic results and thus contributes to the growth of the Company's value. Each of these criteria has been assessed individually, and subsequently all criteria have been assessed in the aggregate, in accordance with the Remuneration Policy, and are reflected in the same way in the variable component of all Persons with Significant Relationship to the Company.

Similarly as for the purposes of personal income tax on dependent activities, the amount of the total monthly remuneration paid to a particular Person with Significant Relationship to the Company in the year 2023 and specified in this Remuneration Report does not include the remuneration paid in January 2023 for the performance of office as a Member of the Board of Directors or Member of the Supervisory Board in December 2022. However, it does include the remuneration paid in January 2024 for the performance of office as a Member of the Board of Directors or Member of the Supervisory Board in December 2023.

In respect of benefits included in this Remuneration Report, the same approach as for the monthly remuneration is applied, i.e. the amount of benefits granted for the year 2023 does not include the benefits granted in December 2022 and settled with the monthly remuneration in January 2023 but does include the benefits granted in December 2023 and settled with the monthly remuneration in January of 2024.

#### The fixed component of the remuneration:

##### **1) The fixed component includes, in the case of the Persons with Significant Relationship to the Company who are employees of Philip Morris International Inc. or its controlled companies, with the exception of PMCR:**

(i) the salary (according to the employment agreement of the relevant Person with Significant Relationship to the Company);

(ii) remuneration for the performance of office (under the agreement on the performance of the office of the relevant Person with Significant Relationship to the Company): in the relevant accounting period, all members of the Board of Directors of the Company and members of the Supervisory Board of the Company, except for the members of the Supervisory Board elected by employees, waived the remuneration for the performance of their offices;

(iii) additional monetary remuneration:

- monetary benefits in connection with the relocation (one-off relocation contribution, allowance in the case of a change of the permanent residence address upon relocation in the amount based on the relevant salary grade of PMI, according to local conditions and the number of family members of the relevant person living with him/her in the common household, allowance for tuition fees for family members of employees as a result of relocation, reimbursement of rent and service charges, allowance for moving, transport, immigration matters, etc.);
- contributions on the occasion of working and personal anniversaries;
- allowance for meals and leisure activities (e.g. in the form of holiday allowance or education allowance);

- reimbursement of premiums of life and accident insurance, contribution to supplementary pension insurance;
- contribution to health care and preventive programmes within the framework of voluntary prevention and health care programmes with financial participation of the relevant Person with Significant Relationship to the Company;

(iv) non-monetary benefits: business car and telephone (including for private purposes).

**2) The fixed component includes, in the case of the Persons with Significant Relationship to the Company who are employees of PMCR:**

(i) the salary (according to the employment agreement of the relevant Person with Significant Relationship to the Company);

(ii) remuneration for the performance of office (under the agreement on the performance of the office of the relevant Person with Significant Relationship to the Company): in the relevant accounting period, all members of the Board of Directors of the Company and members of the Supervisory Board of the Company, except for the members of the Supervisory Board elected by employees, waived the remuneration for the performance of their offices;

(iii) additional monetary remuneration:

- monetary benefits in connection with the relocation (one-off relocation contribution, allowance in the case of a change of the permanent residence address upon relocation in the amount based on the salary grade of PMCR, according to local conditions and the number of family members of the relevant person living with him/her in the common household, rent allowance or reimbursement of rent, allowance for moving, transport, etc.);
- contributions on the occasion of working and personal anniversaries;
- allowance for meals and leisure activities (e.g. in the form of holiday allowance or education allowance);
- reimbursement of premiums of life and accident insurance;
- contribution to supplementary pension insurance;
- contribution to health care and preventive programmes within the framework of voluntary prevention and health care programmes with financial participation of the relevant Person with Significant Relationship to the Company;
- compensatory allowance for temporary work incapacity and nursing of a family member;
- severance payment and other benefits related to employment termination;

(iv) non-monetary benefits: business car and telephone (including for private purposes).

**3) The fixed component of the remuneration includes, in the case of the Persons with Significant Relationship to the Company who are not employees of PMI or PMCR, an annual remuneration for the performance of office (according to the agreement on the performance of the office of the relevant Person with Significant Relationship to the Company).**

The variable component of the remuneration:

**4) The variable component includes, in the case of the Persons with Significant Relationship to the Company who are employees of PMI or PMCR:**

- a one-off annual performance-based financial bonus;
- a bonus in the form of shares of Philip Morris International Inc.

The remuneration of the Persons with Significant Relationship to the Company who are not employees of PMI or PMCR includes the fixed component only.

## **Overview of components of the remuneration provided to members of the Board of Directors:**

The total amounts of remuneration are stated before tax and relevant statutory levies.

**Andrea Gontkovičová** /General Manager of the Company responsible for the Czech Republic, Slovakia and Hungary and Chairperson of the Board of Directors/:

received the fixed component of the remuneration in accordance with Sec. 1) above: the fixed monthly remuneration (salary) for 2023 in the total amount of CZK 11,006,560.21, additional monetary remuneration and other benefits in the total amount of CZK 5,247,776.78, including a contribution to supplementary pension insurance in the amount of CZK 954,692.93, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 9,953,050.03, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 11,548,216.54, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 746,465.16. The total amount of the fixed and variable remuneration is CZK 38,502,068.72. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 42/58 %.

**Petr Šedivec** /General Manager of Philip Morris Slovakia s.r.o. and Member of the Board of Directors until May 31, 2023/:

received for the period from January 1, 2023 to May 31, 2023 the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) in the total amount of CZK 1,633,906.11, additional monetary remuneration and other benefits in the total amount of CZK 556,757.02, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 1,313,309.38, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 935,258.57, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 80,317.23. The total amount of the fixed and variable remuneration is CZK 4,519,548.31. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 48/52 %.

**Petr Šebek** /Director External Affairs responsible for the Czech Republic and Member of the Board of Directors/:

received the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) for 2023 in the total amount of CZK 5,346,728.00, additional monetary remuneration and other benefits in the total amount of CZK 281,308.40, including a contribution to supplementary pension insurance in the amount of CZK 85,000.00, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 2,134,578.00, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the total value of CZK 734,846.02, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 167,215.00. The total amount of the fixed and variable remuneration is CZK 8,664,675.42. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 65/35 %.

**Anton Kirilov Stankov** /Director Finance of the Company responsible for the Czech Republic, Slovakia and Hungary and Member of the Board of Directors until December 31, 2023/:

received the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) for 2023 in the total amount of CZK 9,410,301.91, additional monetary remuneration and other benefits in the total amount of CZK 4,428,744.40, including a contribution to supplementary pension insurance in the amount of CZK 815,488.80, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 3,401,718.02, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 1,703,808.69, and a share in the profit from the vested shares paid in 2023 in the total amount of CZK 416,152.17. The total amount of the fixed and variable remuneration is CZK 19,360,725.19. The ratio of the fixed and the variable components of the

remuneration (% expression of the variable component to the fixed component of the remuneration) is: 71/29 %.

**Manuel Joao Almeida Do Vale Goncalves Marques** /Director Operations of the Company responsible for the Czech Republic and Member of the Board of Directors/:

received the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) for 2023 in the total amount of CZK 2,897,921.42, additional monetary remuneration and other benefits in the total amount of CZK 3,091,729.19, including a contribution to supplementary pension insurance in the amount of CZK 271,386.74, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 764,854.55 CZK, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 152,332.87, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 116,548.96. The total amount of the fixed and variable remuneration is CZK 7,023,386.99. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 85/15 %.

**Cemal Berk Temuroglu** /Director Commercial Operations of the Company responsible for the Czech Republic and Member of the Board of Directors/:

received the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) for 2023 in the total amount of CZK 3,694,455.00, additional monetary remuneration and other benefits in the total amount of CZK 222,139.40, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 1,081,037.00 and a share in the profit from the vested shares paid in 2023 in the amount of CZK 31,622.00. The total amount of the fixed and variable remuneration is CZK 5,029,253.40. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 78/22 %.

**Tamás Szabados** /General Manager of Philip Morris Magyarország Cigaretta Kereskedelmi Kft. and Member of the Board of Directors as of 1 June 2023/:

received no performance from the Company for the period from June 1, 2023 to December 31, 2023.

#### **Overview of components of the remuneration provided to members of the Supervisory Board:**

**Stefan Bauer** /VP Finance of Philip Morris Products S.A. responsible for the EU countries and Chairperson of the Supervisory Board of the Company and Chairperson of the Audit Committee until September 26, 2023/:

received no performance from the Company for the period from January 1, 2023 to September 26, 2023.

**Alena Zemplerová** /Member of the Supervisory Board of the Company/:

received the fixed component of the remuneration in accordance with Sec. 3) above: the remuneration for the performance of office under the agreement on the performance of the office in the amount of CZK 200,000. Ms. Alena Zemplerová is not an employee of PMI or PMČR; the remuneration thus includes the fixed component only.

**Stanislava Juríková** /Member of the Supervisory Board and the Audit Committee of the Company/:

received the fixed component of the remuneration in accordance with Sec. 3) above: the remuneration for the performance of office under the agreement on the performance of the office in the amount of CZK 400,000. Ms. Stanislava Juríková is not an employee of PMI or PMČR, the remuneration thus includes the fixed component only.

**Sergio Colarusso** /Controller of Philip Morris Products S.A. responsible for the EU countries and Member of the Supervisory Board of the Company until March 27, 2023/:

received no performance from the Company for the period from January 1, 2023 to March 27, 2023.

**Tomáš Hilgard** /Manager CCD responsible for the Czech Republic and Member of the Supervisory Board of the Company elected by employees as of March 17, 2023/:

received for the period from March 17, 2023 to December 31, 2023 the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) in the total amount of CZK 1,703 485.00, remuneration for the performance of office under the agreement on the performance of the office in the amount of CZK 200,000.00, and additional monetary remuneration and other benefits in the total amount of CZK 164,525.67, including a contribution to supplementary pension insurance in the amount of CZK 30,000.00. The total amount of the fixed and variable remuneration is CZK 2,068,010.67. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 100/0 %.

**Jan Kodaj** /Supervisor Technical Support and Member of the Supervisory Board of the Company elected by employees as of March 17, 2023/:

received for the period from March 17, 2023 to December 31, 2023 the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) in the total amount of CZK 1,080,307.00, remuneration for the performance of office in the total amount of CZK 200,000.00, and additional monetary remuneration and other benefits in the amount of CZK 49,490.67, including a contribution to supplementary pension insurance in the amount of CZK 27,848.00. The total amount of the fixed and variable remuneration is CZK 1,329,797.67. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 100/0 %.

**Seamus Minihan** /Regional Controller Europe responsible for the EU countries and Member of the Supervisory Board of the Company as of April 28, 2023/: received no performance from the Company for the period from April 28, 2023 to December 31, 2023.

**Tamara Milovanovic** /VP Finance of Philip Morris Products S.A. responsible for the EU countries and Chairperson of the Supervisory Board of the Company and Chairperson of the Audit Committee as of September 26, 2023/:

received no performance from the Company for the period from September 26, 2023 to December 31, 2023.

## II

### **Information on remuneration provided or payable in the accounting period for which the remuneration report is prepared by persons/entities belonging to the same group as the Company**

#### **(Section 121p (1) (c) of the Capital Market Undertakings Act)**

Information on the remuneration provided or payable in the relevant accounting period to the Persons with Significant Relationship to the Company pursuant to Section 121o (2) of the Capital Market Undertakings Act, which are to be specified in the remuneration report in accordance with Section 121p (1) (c) of the Capital Market Undertakings Act, reflects the data stated below. It includes the remuneration provided directly by Philip Morris International Inc. or its controlled companies, i.e. by the relevant employers of the relevant Persons with Significant Relationship to the Company (without this remuneration being re-invoiced to PMCR).

#### **Persons with Significant Relationship to the Company – Members of the Board of Directors:**

**Anton Kirilov Stankov** /Director Finance of the Company responsible for the Czech Republic, Slovakia and Hungary and Member of the Board of Directors until December 31, 2023/:

received from Philip Morris International Inc. or its controlled companies: the variable component of the remuneration in accordance with Sec. 4) above: a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 1,168,771.20. The total amount of the variable remuneration is CZK 1,168,771.20. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 0/100 %.

**Manuel Joao Almeida Do Vale Goncalves Marques** /Director Operations of the Company responsible for the Czech Republic and Member of the Board of Directors/:

received from Philip Morris International Inc. or its controlled companies: the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 377,225.75 and a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 426,636.73. The total amount of the variable remuneration is CZK 803,862.48. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 0/100 %.

**Tamás Szabados** /General Manager of Philip Morris Magyarország Cigaretta Kereskedelmi Kft. and Member of the Board of Directors as of June 1, 2023/:

received for the period from June 1, 2023 to December 31, 2023 from Philip Morris International Inc. or its controlled companies: the fixed component of the remuneration in accordance with Sec. 2) above: the fixed monthly remuneration (salary) in the total amount of CZK 2,420,473.36, additional monetary remuneration and other benefits in the total amount of CZK 553,949.15, including a contribution to supplementary pension insurance in the amount of CZK 45,181.98, and the variable component of the remuneration in accordance with Sec. 4) above: a share in the profit from the vested shares paid in 2023 in the amount of CZK 98,367.08. The total amount of the fixed and variable remuneration is CZK 3,072,789.59. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 97/3 %.

#### **Persons with Significant Relationship to the Company – Members of the Supervisory Board of the Company:**

**Stefan Bauer** / VP Finance of Philip Morris Products S.A. responsible for the EU countries and Chairperson of the Supervisory Board of the Company and Chairperson of the Audit Committee until September 26, 2023/:

received for the period from January 1, 2023 to September 26, 2023 from Philip Morris International Inc. or its controlled companies: the fixed component of the remuneration in accordance with Sec. 1) above: the fixed monthly remuneration (salary) in the total amount of CZK 7,453,356.96, additional monetary remuneration and other benefits in the total amount of CZK 7,413,005.62, including a contribution to supplementary pension insurance in the amount of CZK 699,367.64, and the variable component of the remuneration in accordance with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 9,931,185.39, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 9,019,539.19, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 524,102.78. The total amount of the fixed and variable remuneration is CZK 34,341,189.94. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 43/57 %.

**Sergio Colarusso** /Controller of Philip Morris Products S.A. responsible for the EU countries and Member of the Supervisory Board of the Company until March 27, 2023/:

received for the period from January 1, 2023 to March 27, 2023 from Philip Morris International Inc. or its controlled companies: the fixed component of the remuneration in accordance with Sec. 1) above: the fixed monthly remuneration (salary) in the total amount of CZK 2,476,401.08, additional monetary remuneration and other benefits in the total amount of CZK 278,140.27, including a contribution to supplementary pension insurance in the amount of CZK 217,761.55, and the variable component of the remuneration in accordance

with Sec. 4) above: a one-off annual performance-based financial bonus for the year 2022 paid in 2023 in the amount of CZK 6,181,100.86, a bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 2,800,403.38, and a share in the profit from the vested shares paid in 2023 in the amount of CZK 118,562.65. The total amount of the fixed and variable remuneration is CZK 11,854,608.24. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 23/77 %.

**Seamus Minihan** /Regional Controller Europe responsible for the EU countries and Member of the Supervisory Board of the Company as of April 28, 2023/:

received for the period from April 28, 2023 to December 31, 2023 from Philip Morris International Inc. or its controlled companies: the fixed component of the remuneration in accordance with Sec. 1) above: the fixed monthly remuneration (salary) in the total amount of CZK 5,568,885.54, additional monetary remuneration and other benefits in the total amount of CZK 512,441.77, including a contribution to supplementary pension insurance in the amount of CZK 455,130.31, and the variable component of the remuneration in accordance with Sec. 4) above: bonus in the form of shares of Philip Morris International Inc. vested in 2020 and received in 2023 in the value of CZK 2,195,516.25 and a share in the profit from the vested shares paid in 2023 in the amount of CZK 166,857.72. The total amount of the fixed and variable remuneration is CZK 8,443,701.28. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 72/28 %.

**Tamara Milovanovic** /VP Finance of Philip Morris Products S.A. responsible for the EU countries and Chairperson of the Supervisory Board of the Company and Chairperson of the Audit Committee as of September 26, 2023/:

received for the period from September 26, 2023 to December 31, 2023 from Philip Morris International Inc. or its controlled companies: the fixed component of the remuneration in accordance with Sec. 1) above: the fixed monthly remuneration (salary) in the total amount of CZK 1,884,241.13, additional monetary remuneration and other benefits in the total amount of CZK 4,335.17, and the variable component of the remuneration in accordance with Sec. 4) above: a share in the profit from the vested shares paid in 2023 in the amount of CZK 49,372.33. The total amount of the fixed and variable remuneration is CZK 1,937,948.63. The ratio of the fixed and the variable components of the remuneration (% expression of the variable component to the fixed component of the remuneration) is: 97/3 %.

### III

#### Overview of the annual change to the total amount of remuneration (Section 121p (1) (b) of the Capital Market Undertakings Act)

Overview of the annual change to the total amount of remuneration for the five most recent accounting periods following the date of admission of shares to trading on the European regulated market, in relation to each Person with Significant Relationship to the Company:

*In millions of CZK*

Total amount of all remuneration provided to individual Persons with Significant Relationship to the Company	Accounting period					Annual change in millions of CZK	Annual change in %
	2018-2019	2020	2021	2022	2023		
Andrea Gontkovičová	N/A <sup>1</sup>	30.10	25.68	30.06	38.50	8.44	28.08
Petr Šedivec	N/A <sup>1</sup>	5.05	6.33	8.13	4.52	-3.61	-44.40 <sup>2</sup>
Petr Šebek	N/A <sup>1</sup>	5.05	5.15	7.10	8.66	1.56	21.97
Anton Kirilov Stankov	N/A <sup>1</sup>	N/A <sup>4</sup>	15.99	21.11	20.53	-0.58	-2.75

Manuel Joao Almeida Do Vale Goncalves Marques	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	3.76	7.83	4.07	108.24 <sup>3</sup>
Cemal Berk Temuroglu	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	1.40	5.03	3.63	259.29 <sup>3</sup>
Tamás Szabados	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	3.07	N/A	N/A
Stefan Bauer	N/A <sup>1</sup>	25.82	21.87	35.65	34.34	-1.31	-3.67 <sup>2</sup>
Prof. Alena Zemplerová	N/A <sup>1</sup>	0.20	0.20	0.20	0.20	0.00	0.00
Stanislava Juríková	N/A <sup>1</sup>	0.40	0.40	0.40	0.40	0.00	0.00
Sergio Colarusso	N/A <sup>1</sup>	15.68	15.60	18.89	11.85	-7.04	-37.27 <sup>2</sup>
Tomáš Hilgard	N/A <sup>1</sup>	2.45	2.17	0.47	2.07	1.60	340.43 <sup>3</sup>
Jan Kodaj	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	1.33	N/A	N/A
Seamus Minihan	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	8.44	N/A	N/A
Tamara Milovanovic	N/A <sup>1</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	1.94	N/A	N/A

<sup>1</sup> Not applicable with regard to Article III (3) (Transitional Provisions) of Act No. 204/2019 Coll., Amending Certain Laws in Connection with the Promotion of Exercise of Shareholders' Rights.

<sup>2</sup> The total amount of remuneration for the year 2023 relates, in the case of the respective Person with Significant Relationship to the Company, to his/her term of office lasting only for a part of the accounting period of the year 2023, i.e. it does not cover the whole year 2023. [This may result in a negative annual change to the total amount of remuneration.]

<sup>3</sup> The total amount of remuneration for the year 2022 relates, in the case of the respective Person with Significant Relationship to the Company, to his/her term of office lasting only for a part of the accounting period of the year 2022, i.e. it does not cover the whole year 2022. This may result in a significant increase in the total remuneration for the year 2023 as compared to the preceding accounting period.

<sup>4</sup> During the said accounting period, the respective person did not hold the office of a member of the Board of Directors or Supervisory Board of the Company and was therefore not a Person with Significant Relationship to the Company.

#### IV

##### **Number of shares or share options provided or offered (Section 121p (1) (d) of the Capital Market Undertakings Act)**

The Company does not pay remuneration in the form of Company shares or share options to Persons with Significant Relationship to the Company. Accordingly, no shares or share options were offered or provided to any Persons with Significant Relationship to the Company during the relevant accounting period. For the sake of completeness, the Company notes that during the relevant accounting period, no shares or similar securities representing an interest in the Company were held by any Persons with Significant Relationship to the Company (nor were there any options or comparable investment instruments whose value would be related to shares or similar securities representing an interest in the Company and to which any Persons with Significant Relationship to the Company would be parties or which would be executed for the benefit of any Persons with Significant Relationship to the Company).

#### V

##### **Information on the exercise of the Company's right to request the return of the variable component of remuneration or a part thereof (Section 121p (1) (e) of the Capital Market Undertakings Act)**

Neither the Company nor the PMI Group has any rules set on the basis of which Persons with Significant Relationship to the Company could be required to return any previously paid variable components of their remuneration or any parts thereof.



## VI

### Information on deviations from the procedure of implementation of the remuneration policy set out in the Remuneration Policy and on deviations from the Remuneration Policy (Section 121p (1) (f) of the Capital Market Undertakings Act)

In the relevant accounting period, the Company did neither deviate from the procedure of implementation of the remuneration policy set out in the Remuneration Policy nor from the Remuneration Policy itself.

## VII

### Information on the annual change to the Company's financial and non-financial key performance indicators (Section 121p (2) of the Capital Market Undertakings Act)

There was no change to the Company's financial and non-financial performance indicators in the relevant accounting period.

## VIII

### Annual change to the average remuneration of the Company's employees

In accordance with Section 121p (2) of the Capital Market Undertakings Act, the annual change to the average remuneration of the Company's employees (excluding Persons with Significant Relationship to the Company), recalculated per employee with specified weekly working hours, for at least the last five accounting periods following the date of admission of the shares to trading on a regulated market.

	Average remuneration in CZK	Annual change to average remuneration in CZK	Annual change to average remuneration in %
2018-2019	N/A*		
2020	580,017	N/A	N/A
2021	651,075	71,058	12.25
2022	809,594	158,519	24.35
2023	914,496	104,902	12.96

\* Not applicable with regard to Article III (3) (Transitional Provisions) of Act No. 204/2019 Coll., Amending Certain Laws in Connection with the Promotion of Exercise of Shareholders' Rights.

In Kutná Hora, on March 26, 2024

Philip Morris ČR a.s.



**Andrea Gontkovičová**

Chairperson of the Board of Directors of the Company

Philip Morris ČR a.s.



**Eugenia Panato**

Member of the Board of Directors of the Company

## **SCHEDULE 4**

### **Draft 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 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 of and fulfilment of objectives by a particular member of the relevant 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 the relevant 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 component and a variable component. The remuneration of Members who are not employees of the Company or the PMI Group only includes the 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) additional 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.

Additional monetary remuneration and benefits 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 the Member’s 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 annual contribution to 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; contribution to health care and preventive programmes 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 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) additional 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.

Additional monetary remuneration and benefits 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 annual contribution to 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; contribution to health care and preventive programmes 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 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 salary, remuneration for the 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 superior and the salary grade of the Member. The annual performance-based financial bonus usually amounts up to 23 % of the annual salary.

The General Manager 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 General Manager 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 holders 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 holders 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 the shares acquired as mentioned above 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 the 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 the 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 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 anticipated in the Articles of Association of the Company 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 the 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 is provided in accordance with the principles of equal treatment.

Similarly as for the purposes of personal income tax on dependent activities, the amount of the total monthly remuneration paid to a particular Member in a given financial year and specified in the Remuneration Report under Section 121o of the Capital Market Undertakings Act for that financial year will not include the remuneration paid in January of that financial year for the performance of office in December of the preceding financial year. However, it will include the remuneration paid in January of the following financial year for the performance of office in December of that financial year.

In respect of benefits included in the Remuneration Report under Section 121o of the Capital Market Undertakings Act for a given financial year, the same approach as for the monthly remuneration will be applied, i.e. the amount of benefits granted for a given financial year will not include the benefits granted in December of the preceding financial year and settled with the monthly remuneration in January of that financial year but will include the benefits granted in December of that financial year and settled with the monthly remuneration in January of the following financial year.

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.

In Kutná Hora, on March 26, 2024

Andrea Gontkovičová  
Chairperson of the Board of Directors

Eugenia Panato  
Member of the Board of Directors