

# 1. REPORT ON ACTIVITIES OF THE AUDIT COMMITTEE OF PHILIP MORRIS ČR A.S. FOR 2021

## A. General part

The Audit Committee performed its activities regarding the process of preparing the 2021 financial statements and the 2021 consolidated financial statements in accordance with Article 19 of the Articles of Association and internal regulations of Philip Morris ČR a.s., a joint stock company, with its registered office at Vítězná 1, 284 03 Kutná Hora, identification number 148 03 534, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 627 (the "Company"), and in accordance with the relevant legal regulations.

The Audit Committee is an independent elected body of the Company that is directly and exclusively subordinated to the supreme body of the Company, i.e. to the General Meeting. The Audit Committee was established by the Articles of Association adopted at the General Meeting of the Company on 30 April 2010.

## B. Special part

The Audit Committee has three members. These members are:

- (i) Stefan Bauer, Chairperson of the Audit Committee, who was elected into his office on 30 June 2020 (term of the office – 3 years);
- (ii) Stanislava Juríková, Member of the Audit Committee, who was elected into her office on 27 April 2018 (term of the office – 3 years); and re-elected on 22 May 2021 (term of the office – 3 years);
- (iii) Petr Šobotník, substitute Member of the Audit Committee, who was appointed as a substitute (co-opted) member in accordance with the Article 20(4) of the Company's Article of Association on 1 July 2021 (co-optation).

Information about the establishment and composition of the Audit Committee is available at: <http://www.philipmorris.cz>

Throughout the year 2021 until the date of this report, the Audit Committee, in particular:

- (i) monitored the process of preparing the 2021 financial statements and the 2021 consolidated financial statements and presented to the relevant Company's bodies recommendations to ensure the integrity of the accounting and financial reporting systems;
- (ii) monitored the effectiveness of the internal controls in the Company and of the risk management system;
- (iii) monitored the effectiveness of the internal audit and ensured its functional independence;
- (iv) monitored the process of the statutory audit of the 2021 financial statements and the 2021 consolidated financial statements;
- (v) assessed the independence of the statutory auditor and the audit firm and the provision of non-audit services to the Company by the statutory auditor and the audit firm;
- (vi) recommended the auditor to the Supervisory Board, providing a proper justification for the recommendation;

- (vii) discussed with the auditor the potential threats to the auditor's independence and the eventual respective safeguard measures, which the auditor could have accepted in order to mitigate those threats;
- (viii) approved the provision of non-audit services;
- (ix) informed the Supervisory Board of the Company about the results of the statutory audit, about its findings obtained during the monitoring of the statutory audit process and about the manner in which the statutory audit contributed to ensuring the integrity of the accounting and financial reporting systems;
- (x) discussed the activities conducted in the field of internal audit and the results of the internal audits performed (main findings and recommendations); and
- (xi) accepted information, declarations and communications under the applicable legal regulations from the auditor.

The following persons were invited to participate in the Audit Committee's meetings: the key members of the auditor's team, the financial director of the Company, the Head of the Internal Control Department and other employees of the Company responsible for or involved in the activities addressed by the Audit Committee.

Since its establishment, the Audit Committee has been allowed to access and view the documents and records relating to the Company to the extent necessary for the performance of its activities.

All members of the Audit Committee receive monthly remuneration (compensation) as set out in their individual agreements on performance of office approved by the General Meeting.

## **2. STATEMENT OF THE AUDIT COMMITTEE FOR THE 2021 CALENDAR YEAR ACCOUNTING PERIOD**

In terms of the main activities entrusted to the competence of the Audit Committee under the applicable legal regulations, the Company's Articles of Association and internal regulations, i.e.:

- (i) monitoring the process of preparing the financial statements and the consolidated financial statements;
- (ii) monitoring the effectiveness of the internal controls in the Company and of the risk management system;
- (iii) monitoring the effectiveness of the internal audit and ensuring its functional independence;
- (iv) monitoring the process of the statutory audit of the financial statements and the consolidated financial statements;
- (v) assessing the independence of the statutory auditor and the audit firm, including the provision of non-audit services to the Company by the statutory auditor;

the Audit Committee did not ascertain, in respect of the year 2021, any serious deficiencies or issues about which the Supervisory Board or the General Meeting of the Company should be informed.

The Audit Committee informed the Company's Supervisory Board of its activities and conclusions and gave it recommendations regarding matters that were the subject of the discussions at the meetings of the Audit Committee.

In accordance with its responsibilities under Section 44a et seq. of the Act No. 93/2009 Coll., on Auditors and on the Amendment of Certain Other Laws (the Act on Auditors), as amended, the Audit Committee discussed and recommended (with due reasoning) to the Supervisory Board to propose to the General Meeting that Mazars Audit s.r.o., with its registered office at Pobřežní 620/3, Karlín, 186 00 Prague 8, Czech Republic, identification number 639 86 884, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. C 38404, be appointed as auditor for the statutory audit in respect of the 2022 calendar year accounting period. The audit firm Mazars Audit s.r.o. conducted the statutory audits of the Company in respect of the 2021 calendar year accounting period and has exercised all of the statutory auditor's functions properly, fulfilled all the requirements on the independence of the statutory auditor, and has sufficient knowledge and experience in the area of auditing issuers of listed securities. Therefore, the appointment of Mazars Audit s.r.o. as the auditor of the Company for 2022 will continue to ensure that the statutory audit of the Company will be performed properly. The recommendation of the Audit Committee has not been subject to any third-party influence and is not subject to any arrangement between the Company and any third party that would restrict the selection of the statutory auditor.

The Audit Committee states that, in the areas that are entrusted to the competence of the Audit Committee by the Act on Auditors and the Company's Articles of Association and other internal regulations, the Audit Committee did not ascertain any serious facts about which the Public Audit Oversight Board should be informed, either during the monitored period or as at the date of the preparation of this report.

In Prague, on 28 March 2022

Stefan Bauer  
Chairperson of the Audit Committee  
Philip Morris ČR a.s.