



PHILIP MORRIS ČR

Philip Morris ČR a.s.

THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, AS SUBMITTED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING HELD OUTSIDE A MEETING (SO-CALLED PER ROLLAM)

- (i) In Part I. **Basic Provisions**, the wording of **Article 3, Scope of Business**, is amended to newly read as follows:

Article 3 Scope of Business

The Company's scope of business shall be:

- the processing of tobacco and manufacture of tobacco products;
- hospitality activities;
- sale of fermented alcohol, drinking alcohol and spirits;
- manufacture, trade and services not listed in Appendices 1 to 3 of the Trade Licensing Act, areas of activities:
 - a) wholesale and retail trade;
 - b) mediation of trade and services;
 - c) rental and lending of movable assets;
 - d) waste management (excluding hazardous waste);
 - e) storage, packaging of goods, cargo handling and technical activities in transport;
 - f) freight forwarding and representation in customs proceedings;
 - g) advisory and consultancy services, preparation of expert studies and reports;
 - h) purchase, sale, management and maintenance of real estate;
 - i) accommodation services;
 - j) preparatory and finishing construction work, specialised construction activities;
 - k) operation of cultural, cultural-educational and entertainment facilities, organisation of cultural productions, balls, exhibitions, fairs, shows, sales and similar events;
 - l) production, reproduction, distribution, sale and rental of sound and sound-visual records and production of non-recorded data carriers and records.

- (ii) In Part II. **Company Organisation, A. General Meeting, Article 9**, the wording of **paragraph 4** is amended to newly read as follows:

4. The General Meeting shall be convened by the convener based on an invitation sent in the manner specified in Article 37 (1) of these Articles of Association at least 30 days before the date of the General Meeting, unless the Business Corporations Act or these Articles of Association stipulate(s) a shorter period.

The condition of a 30-day period does not need to be observed in the following instances:

convening of a substitute General Meeting;

convening of a General Meeting on the basis of a request of shareholders under Article 9 (2) of these Articles of Association.

In the above cases, a period as stipulated by law shall apply.

- (iii) *In Part II. **Company Organisation, B. Board of Directors, Article 14, Composition of the Board of Directors, Term of Office, Meetings, and Decision-Making**, the wording of the first sentence of **paragraph 4** is amended to newly read as follows:*

Provided that the number of members of the Board of Directors has not fallen below one half, the Board of Directors may appoint substitute members until the next General Meeting.

- (iv) *In Part II. **Company Organisation, D. Audit Committee, Article 20, Composition of the Audit Committee and Term of Office**, the wording of the first sentence of **paragraph 4** is amended to newly read as follows:*

Provided that the number of members of the Audit Committee has not fallen below one half, the Audit Committee may appoint a substitute member until the next General Meeting.

- (v) *In Part IX. **Common and Final Provisions**, the wording of **Article 37, Official Publication and Publication of Information**, is amended to newly read as follows:*

Article 37

Notices, Official Publication in the Commercial Bulletin and Publication of Information

- 1. Shareholders shall be informed about the holding of the General Meeting (or the convening of the General Meeting) by a notice published on the Company's website at <http://www.philipmorris.cz> and in the Commercial Bulletin. Sending an invitation to the addresses of individual shareholders within the meaning of Section 406 (1) of the Business Corporations Act shall thus be replaced by the official publication of an invitation in the Commercial Bulletin. The Company shall notify shareholders in the same way of the result of the per rollam decision-making pursuant to Section 420 of the Business Corporations Act, or decisions adopted in accordance with Section 418 et seq. of the Business Corporations Act, under which the announcement of the decisions adopted shall be published on the Company's website at <http://www.philipmorris.cz> and the sending shall be replaced by the official publication in the Commercial Bulletin.*
- 2. The data and information that the Company is required to officially publish under the relevant legal regulations or these Articles of Association shall be officially published in the Commercial Bulletin, unless the law stipulates any other method of publication.*
- 3. The data and information that the Company is required to publish or make known pursuant to the relevant legal regulations or these Articles of Association shall be published on the Company's website and, where appropriate, in other places stipulated by the relevant legal regulations or these Articles of Association.*

Substantiation of the proposed amendments to the Articles of Association:

The main reason for the proposed partial amendments of the Company's Articles of Association is, in particular, to define in more detail the Company's scope of business (amendment of Article 3 of the Articles of Association), in accordance with the conclusions of the decision of the Supreme Court of the Czech Republic issued on 12 May 2021 under file no. 27 Cdo 3549/2020. Pursuant to that decision, it is no longer desirable for the scope of business to be indicated by a wording corresponding to the Trade Licensing Act, which reads "Manufacture, trade and services not listed in Appendices 1 to 3 of the Trade Licensing Act". The scope of business must be stipulated specifically in the Company's founding legal act in order to make it clear in what area the Company conducts business. For this reason, it is proposed to make a specific definition of the Company's scope of business so that the requirement of specificity is met in accordance with the aforementioned decision of the Supreme Court of the Czech Republic, in accordance with the specific areas of free trade activities stipulated by the Trade Licensing Act. For the future, it is also proposed to add to the Articles of Association the possibility of carrying out "hospitality activities" (craft trade) in

connection with the licensed trade of “sale of fermentation alcohol, drinking alcohol and spirits” (licensed trade), with regard to the places of sale of the Company’s nicotine products.

It is also proposed (amendment of Article 9 (4) and Article 37) that henceforth the General Meetings of the Company be only convened by a notice published on the Company’s website and officially published in the Commercial Bulletin, and not by sending written copies of the invitation and other documents to individual shareholders. This method of notification is also proposed to be introduced for announcement of results of the per rollam decision-making pursuant to Section 420 of the Business Corporations Act. This amendment is proposed specifically with regard to the considerable logistical and financial burden associated in particular with the preparation and sending of materials related to the convocation of General Meetings and related matters, the matters related to the per rollam decision-making and the sending of the decision-making results, etc., to individual shareholders by mail. The Board of Directors proceeds to this significant change after careful consideration and in order to deal more effectively with the preparation and organisation of General Meetings and the results of the per rollam decision-making, being of the opinion that the proposed method of notification is transparent and customary in particular with regard to the number of shareholders and the shareholder structure.

In this context, the Board of Directors would like to point out to the shareholders who have been using the option of receiving the invitations to the General Meeting electronically by e-mail pursuant to Article 9 (4) (instead of invitations sent in written form to the addresses of individual shareholders), that in view of the change proposed above and the fact that only a limited number of shareholders have been using this option, the option to receive invitations electronically by e-mail will no longer be available (and will not be replaced by any other option) in compliance with the relevant legal regulations concerning in particular the processing of personal data.

Last but not least, the Board of Directors proposes to unify the terminology of the articles concerning the co-optation of members of elected bodies (Articles 14 and 20), which does not constitute a change in content. The draft of the Articles of Association also contains changes of a legally technical nature, while efforts were made to preserve the provisions to the maximum possible extent.

The full draft of the amended Articles of Association of the Company is published in a manner allowing remote access on the following website: <http://www.philipmorris.cz> in the “For Shareholders” section. At the same time, the full draft of the amended Articles of Association of the Company is available for view to each shareholder, free of charge, at the Company’s headquarters, i.e. in Kutná Hora, at Vítězná 1, postcode 284 03, on business days from 29 March 2022 to 23 May 2022, always between 2.00 p.m. and 5.00 p.m. Each shareholder has the right to request delivery of a copy of the draft of the Articles of Association at that shareholder’s own cost and risk.

The proposed amendment of the Articles of Association shall come into effect on the date of its approval by the General Meeting.