Policy On Related Person Transactions

1. **Introduction**

This Policy regarding Related Person Transactions has been adopted by the Board of Directors of Philip Morris International Inc. and its subsidiaries (the “Company”). This policy is intended to provide guidance to the executive officers and directors of the Company to help them recognize and deal with actual or apparent conflicts of interests. Conflicts may arise when an executive officer or director, or a member or the officer of director’s immediate family, has or could have a direct or indirect material interest in a transaction with the Company in which such person participates. The policy also sets forth the guidelines under which certain transactions must be reviewed and approved or ratified by a committee comprised of independent members of the Board of Directors and the disclosure requirements for these transactions.

2. **Definitions**

For the purposes of this Policy, the following definitions apply:

(a) “Related Person” means any:
   (i) director or executive officer of the Company;
   (ii) nominee for director;
   (iii) immediate family member(s) of directors, executive officers, or nominees for director; or
   (iv) a beneficial owner (other than a financial or investment institution) of more than 5% of the Company’s voting securities.

(b) “Related Person Transaction” means a transaction in which the Company was, or is proposed to be a participant and in which a Related Person has, had or may have a direct or indirect material interest.

(c) “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and any person (other than a tenant or employee) sharing the household of any director, nominee for director or executive officer of the company.

(d) “Transaction” means any financial contract, arrangement or relationship, (including any indebtedness or guarantee of indebtedness) or any series of similar contracts, arrangements or relationships.

(e) “Transaction in the Ordinary Course” means any Transaction in the ordinary course of the Company’s business on terms comparable to those provided to unrelated third parties.

3. **Reporting Related Person Transactions**

Each director, director nominee and executive officer shall promptly notify the Corporate Secretary in writing of any interest that such person or an immediate family member of such person had, has or may have, in a potential Related Person Transaction. Any such notice shall include (i) the person’s interest in the Transaction; (ii) whether the Company is a party to the Transaction, and if not, the nature of the Company’s participation in the Transaction; (iii) the parties to the Transaction; (iv) the purpose and timing of the Transaction; and (v) the approximate dollar value of both the Transaction and the Related Person’s interest in the Transaction.

4. **Determination**

(a) The Corporate Secretary, in consultation with outside counsel, to the extent appropriate, shall determine whether a potential Transaction with a Related Person constitutes a “Related Person Transaction” requiring review under this Policy (including whether the Company or the Related Person has a material interest, based on review of all facts and circumstances). The Transactions set forth in Section 4(c) below have been determined not to be Related Person Transactions, and, therefore, such Transactions are not subject to this Policy.

(b) If the Corporate Secretary determines that (i) the proposed Transaction constitutes a Related Person Transaction or (ii) it would be beneficial to further review the Transaction under this Policy, then, in either case, the Transaction will be referred to the chief executive officer (“CEO”) or the Nominating
and Corporate Governance Committee (the “Committee”) of the Board of Directors for consideration as provided under Section 5 of this Policy.

(c) The following types of transactions are deemed not to create a direct or indirect material interest for the Related Person and therefore will not be reviewed by the Committee nor require approval or ratification:

(i) Transactions not in the Ordinary Course, involving amounts that do not exceed $10,000 when aggregated with all similar Transactions, with the same Related Person;

(ii) Transactions in the Ordinary Course, involving amounts that do not exceed $120,000;

(iii) Transactions where the Related Person’s interest derives solely from his or her service as a director of another corporation or organization that is a party to the Transaction;

(iv) Transactions where the Related Person’s interest in the transaction derives solely from his or her direct or indirect ownership in another person (other than a general partnership) which is a party to the Transaction, which ownership interest (when aggregated with the ownership interests of all other Related Persons described in 2(a) (i)-(iii) above) is less than a ten percent equity interest in such other person;

(v) Executive officer compensation arrangements approved by the Company’s Compensation and Leadership Development Committee;

(vi) Director compensation arrangements approved by the Committee; and

(vii) Transactions available to all employees generally.

5. Review, Approval or Ratification

(a) Proposed Related Person Transactions involving executive officers (and/or their Immediate Family Members) other than the CEO or the Corporate Secretary will be referred to the CEO and the Corporate Secretary for approval or ratification, as applicable. Proposed Related Person Transactions involving the Corporate Secretary (and/or the Corporate Secretary’s Immediate Family Members) will be referred to the CEO for approval. Proposed Related Person Transactions involving 5% stockholders, directors, director nominees or the CEO (and/or their Immediate Family Members) will be referred to the Committee for approval. Those reviewing proposed Related Person Transactions shall be provided with full details of the proposed Related Person Transaction. All determinations by the CEO and the Corporate Secretary under this Policy shall be reported to the Committee at its next regularly scheduled meeting.

(b) When evaluating a proposed Related Person Transaction, the CEO, the Corporate Secretary or the Committee shall consider all relevant facts and circumstances, including (if applicable) without limitation:

• the commercial reasonableness of the terms of the proposed Transaction;

• the benefit to the Company

• the availability and/or opportunity costs of alternate Transactions;

• the materiality and character of the Company’s and the Related Person’s direct or indirect interest;

• whether the Transaction would, or would be perceived to, present an improper conflict of interest for the Related Person, taking into account: (i) the size of the Transaction; (ii) the overall financial position of the Related Person; (iii) the direct or indirect nature of the Related Person’s interest in the Transaction; (iv) whether the Transaction is of an ongoing nature; and (v) any other relevant factors; and

• if the Related Person is a director (or an Immediate Family Member of a director), the impact on the director’s independence as relevant.

The reviewer will not approve or ratify a Related Person Transaction unless it shall have determined that, upon consideration of all relevant information, the Transaction is not opposed to the best interests of the
Company. If, after the review described above, the reviewer determines not to approve or ratify a Related Person Transaction (whether such Transaction is being reviewed for the first time or has previously been approved and is being reviewed again), the Transaction will not be entered into or continued, as the reviewer shall direct.

(c) If a proposed Related Person Transaction involves a Related Person who is a director or an Immediate Family Member of a director, such director shall abstain from voting regarding the Transaction, but may participate, to the extent requested by the Committee Chair, in the Committee's discussions regarding such Transaction.

(d) If it is impractical to convene a meeting of the Committee prior to consummation of a proposed Related Person Transaction for which Committee review is required under Section 5(a) of this Policy, the Committee Chair may review and approve or ratify such Transaction in accordance with the criteria set forth herein. Any such action shall be reported to the Committee at its next meeting.

6. Transactions Not Previously Approved

If the Company becomes aware of a Related Person Transaction that has not been approved under this Policy, the Related Person Transaction shall be reviewed under this Policy. A Related Person Transaction entered into without approval under this Policy shall not be deemed to violate this Policy, or to be invalid or unenforceable, so long as the Transaction is reviewed in accordance with this Policy as soon as reasonably practical after the Company becomes aware of the Transaction. When reviewing a Related Person Transaction that has not been approved under this Policy, the reviewer shall consider all the relevant facts and circumstances respecting the Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of such Transaction, and shall take such course of action as the reviewer deems appropriate under the circumstances.

7. Coordination

In connection with administering this Policy, management and the Committee shall coordinate with such other committees of the Board of Directors as may be advisable (e.g., to ensure appropriate consideration of accounting or financial reporting implications).

8. Disclosure

All Related Person Transactions shall be disclosed in the Company's applicable filings to the extent required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules.

9. Questions

Any questions regarding the interpretation or application of this Policy shall be directed to the Corporate Secretary.