

## APPENDIX B -- EC COMPLIANCE PROTOCOLS

### PROTOCOL 1

#### GENERAL STATEMENT OF ANTI-MONEY LAUNDERING / ANTI-SMUGGLING COMPLIANCE PROTOCOLS

1.01. *Definitions.* Except as otherwise defined herein, the terms used in these EC Compliance Protocols are as defined in Article 1 of the **Anti-Contraband and Anti-Counterfeit Agreement and General Release**.

1.02. *Commitment of Philip Morris International.*

(a) Consistent with these Protocols, Philip Morris International reiterates its ongoing commitment and obligation to comply with all applicable laws, including those of the EC and the Member States, governing its conduct relating to:

(i) the payment of import duties, value added tax, excise tax and other imposts applicable to Cigarettes manufactured or sold by Philip Morris International;

(ii) the handling of payments which are received from customers, licensees, and other obligors in respect of Philip Morris Cigarettes;

(iii) currency reporting and record-keeping requirements; and

(iv) trade restrictions or prohibitions.

(b) Conduct that is unlawful or that violates Philip Morris International's policies and procedures will not be condoned under any circumstances. This includes conduct that occurs in a country that does not enforce a restriction or prohibition in its own law or in which the violation is not subject to public criticism or censure.

(c) After detecting any violation of these Protocols, Philip Morris International shall make all commercially reasonable efforts to prevent and/or penalize further similar conduct.

(d) The fact that a competitor or other company may appear to be engaged in an illegal activity without incurring any penalties does not mean that Philip Morris International can be involved in such illegal activity or condone the involvement of its customers or anyone associated with Philip Morris International in such illegal activity.

1.03. *Scope and Purpose of the EC Compliance Protocols.*

(a) These EC Compliance Protocols are designed to promote the Parties' joint objective that Philip Morris Cigarettes be sold, distributed, stored, and shipped in accordance with all applicable fiscal and legal requirements, and, in particular, sold at retail in accordance with all applicable tax and duty laws in the Intended Market of Retail Sale.

(b) These Protocols are designed to achieve the Parties' joint objective of meaningful cooperation, in particular between Philip Morris International and OLAF, in eliminating the sales of smuggled and/or counterfeit Cigarettes as well as any associated Money Laundering. Furthermore, these Protocols are designed to further the Parties' joint objectives (i) that Philip Morris International terminate sales of Cigarettes to persons, corporations and/or distributors that have been found to be unlawfully or knowingly engaged in the distribution of smuggled products or Money Laundering, (ii) that the Relevant Administrations are in a better position to investigate and prosecute such persons, and to prevent and detect such frauds, and (iii) that Philip Morris International be provided active and effective support for its efforts to deter any act or practice that favors or facilitates the use of its Cigarettes in smuggling or as a vehicle to launder illegal proceeds. The information provided by Philip Morris International to the Relevant Administrations and OLAF pursuant to these Protocols will contribute to the vigorous pursuit of persons suspected of illegally smuggling Cigarettes, counterfeiting and Money Laundering throughout the world.

PROTOCOL 2  
KNOW YOUR CUSTOMER

2.01. *Conducting Business with Approved Contractors.* Beginning 180 days after the Execution Date, for the sale, distribution, storage, or shipment of Cigarettes in excess of 2,500 Master Cases of Philip Morris Cigarettes per year within or into the Territory of one or more of the Member States or any Designated State, Philip Morris International shall conduct business only with Approved Contractors.

2.02. *Market Demand.* Philip Morris International shall sell and distribute Cigarettes in amounts that are commensurate with the Retail Demand in the Intended Market of Retail Sale, and Philip Morris International will refuse to sell Philip Morris Cigarettes in volumes exceeding that amount.

2.03. *Due Diligence.*

(a) Philip Morris International shall undertake Due Diligence with respect to all of its Contractors, or Persons reasonably likely to be engaged by

Philip Morris International as Contractors (together “**Applicants**”), in order to satisfy itself that such Persons are able and committed to honor the objectives and practices set forth in these EC Compliance Protocols and therefore are eligible to become Approved Contractors.

(b) As part of its Due Diligence, a representative of Philip Morris International shall:

- (i) meet with a representative of each Applicant;
- (ii) visit the Applicant’s principal place of operations;
- (iii) obtain Due Diligence Information from each Applicant or other sources;
- (iv) assess and verify each Applicant’s ability and commitment to comply with the objectives and procedures of the EC Compliance Protocols to the extent applicable to it;
- (v) assess and verify each Applicant’s ability and commitment to implement its own Know-Your-Customer procedures consistent with these Protocols and for each Applicant to require the same of its wholesale cigarette customers, if any; and
- (vi) create a report detailing the result of the Due Diligence.

(c) “**Due Diligence Information**” means the following information, to the extent that it is reasonably available:

- (i) where the Applicant is an individual, information regarding his or her identity, including but not limited to, full name, business registration number (if any), date and place of birth, and applicable tax registration numbers and a copy of their official identification and/or passport;
- (ii) where the Applicant is a corporation or other entity, information regarding its identity, including but not limited to, full name, business registration number, date and place of incorporation, corporate capital, applicable tax registration numbers, copies of its articles of incorporation or equivalent documents, its corporate Affiliates, the names of its officers and directors, and the name of any designated representatives, including but not limited to the representatives’ complete names, and copies of their official identification and/or passports;

(iii) where the Applicant is seeking to become a First Purchaser, a description of the intended use and Intended Market of Retail Sale of the Cigarettes to be purchased from Philip Morris International. This “**Sales Plan**” shall be required to be updated as needed and will include complete identification as practicable of the Subsequent Purchasers to whom the Cigarettes will be sold;

(iv) documentation regarding the number of persons employed by the Applicant at the date of the request for information;

(v) documentation regarding any criminal offenses, or charges filed by governmental agencies, against the Applicant or any of its managers, directors, and/or legal representatives; and

(vi) complete identification of the bank accounts through which the payments for the Cigarettes sold to the Applicant shall be made, including but not limited to the complete name and address of the bank, the complete name and address of the account holder, and all information concerning the identification of the account. In addition to the foregoing information, if the bank account to be used to pay Philip Morris International belongs to an Affiliate of the Applicant, full disclosure of the precise relationship between the Affiliate and the Applicant (or subsequently, the Approved Contractor) shall be required to be made to Philip Morris International prior to the acceptance of any payment from such an Affiliate. This information shall be required to be updated, as needed, by the Applicant if the Applicant becomes an Approved Contractor.

(d) If, following its Due Diligence, Philip Morris International is not satisfied that an Applicant is able and committed to honor the objectives and practices set forth in these EC Compliance Protocols, Philip Morris International shall refuse to conduct business with that Applicant.

(e) If, following its Due Diligence, Philip Morris International is satisfied that an Applicant is able and committed to effectively implement the objectives and practices set forth in these EC Compliance Protocols, Philip Morris International will record that fact and that Applicant shall be considered an “**Approved Contractor**.”

(f) Philip Morris International shall maintain a list of all Approved Contractors, which shall be updated every 6 months.

(g) “**Follow-up Due Diligence**” shall be undertaken at least annually for each Approved Contractor, and shall also be undertaken in cases where Philip Morris International has been notified by the Approved Contractor of a change in

ownership and/or control of the Approved Contractor. Philip Morris International will require Approved Contractors to promptly notify it of any material change in their ownership or control.

(h) The following shall constitute Follow-up Due Diligence for Approved Contractors by Philip Morris International:

(i) reiterating to Approved Contractors their obligations under these Protocols, and monitoring their continued compliance therewith;

(ii) for Approved Contractors who are First Purchasers, reiterating that these Protocols require that they may only purchase Philip Morris Cigarettes for sale or distribution in amounts that are commensurate with the Retail Demand in the Intended Market of Retail Sale and that Philip Morris International will refuse to sell them Philip Morris Cigarettes in volumes exceeding that amount;

(iii) reiterating to Approved Contractors Philip Morris International's commitment to cooperate with the Relevant Administrations, including OLAF;

(iv) answering questions Approved Contractors may have regarding these EC Compliance Protocols; and

(v) providing Approved Contractors with any changes to the EC Compliance Protocols that may affect their obligations.

(i) If, after completing Follow-up Due Diligence, Philip Morris International is no longer satisfied that an Approved Contractor is able and committed to honor the objectives and practices set forth in these EC Compliance Protocols, Philip Morris International shall refuse to continue conducting business with that entity and that entity shall cease to be an Approved Contractor.

2.04. *Approved Contractor Records.* Philip Morris International shall maintain files containing its records of Approved Contractors for five years after creation. These records shall include the following:

(a) Commercial documents relating to the Approved Contractor of a material nature to this Agreement, including for example invoices, correspondence of a material nature to and from said Approved Contractor, internal correspondence of a material nature relating thereto, documentation concerning the reasons any exception has been granted under Protocol 5.01(b), below, contracts, credit analysis, cargo manifests, declarations to any relevant authorities, transport documents, and other shipping documents.

- (b) documents obtained by Philip Morris International as part of Approved Contractors' Due Diligence Information;
- (c) any inquiries from and responses to government agencies regarding the Approved Contractor or its business; and
- (d) all records relating to payments made by First Purchasers for Philip Morris Cigarettes.

PROTOCOL 3  
APPROVED CONTRACTOR RELATIONS

3.01. *Contracts with Approved Contractors.* To the extent permitted by applicable law, Philip Morris International undertakes to make commercially reasonable efforts to enter into contractual arrangements with Approved Contractors within 12 months of the Execution Date that will provide for the following, as applicable:

(a) *Delivery Terms.* Delivery terms applicable to sales of Philip Morris Cigarettes will be specified on the invoice to the First Purchaser using terminology set out in Incoterms 2000. Passage of risk will transfer to the First Purchaser in accordance with the applicable Incoterm. For any Philip Morris Cigarettes that the First Purchaser purchases FCA Antwerp or similar basis, the First Purchaser shall be required to agree to resell the Philip Morris Cigarettes using a CIF, CIP, DDU or comparable delivery term to the Intended Market of Retail Sale, or in the alternative to take other measures that are designed to ensure delivery of the Philip Morris Cigarettes to their Intended Market of Retail Sale. Under no circumstances may the First Purchaser take any action directly or indirectly to interfere with the transportation of the Philip Morris Cigarettes to the delivery point specified in the invoice or to the Intended Market of Retail Sale without the specific prior approval of Philip Morris International.

(b) *Packaging.* The First Purchaser shall be required to agree that it will take no action directly or indirectly to alter, remove, or deface any Identification Markings or any other aspects of the Philip Morris Cigarettes' packaging.

(c) *Legal Compliance.* The First Purchaser shall be required to agree to transport and/or resell the Philip Morris Cigarettes in full compliance with all applicable laws and regulations, including without limitation (a) any laws or regulations governing the shipment of the Philip Morris Cigarettes in bond or under duty suspension and (b) any fiscal or other laws or regulations governing the importation and resale of the Philip Morris Cigarettes, and (c) any applicable

laws designed to combat the laundering of illegal proceeds. The First Purchaser shall be required to agree to take no action to promote or facilitate the resale of the Philip Morris Cigarettes by the First Purchaser's customers or Subsequent Purchasers in violation of any fiscal, labeling, trade, or other laws or in a way which would otherwise contravene the First Purchaser's obligations under its terms and conditions of sale. The First Purchaser shall be required to agree not to resell the Philip Morris Cigarettes to any Person or entity whom it knows or has reason to believe to be engaged in any illegal trade. Philip Morris International shall require the First Purchaser to acknowledge and accept that Philip Morris International reserves the right to suspend or terminate any and all commercial relationships with the First Purchaser, and in particular to suspend any sales and/or shipments of Philip Morris Cigarettes to the First Purchaser, if the First Purchaser violates its terms and conditions of sale, including, without limitation, those relating to delivery and/or packaging, or is otherwise shown to have unlawfully or knowingly engaged in any illegal trade.

(d) *Cooperation with Governments.* Philip Morris International shall require the Approved Contractor to acknowledge and accept in writing that Philip Morris International intends to cooperate with governmental inquiries into any illegal importation, movement, or sale of Philip Morris Cigarettes. Towards this end, Philip Morris International shall make commercially reasonable efforts to ensure the availability of data and documents to the Relevant Administrations as provided for under the Agreement and these Appendices thereto. The First Purchaser shall be required to agree in writing to expressly authorize Philip Morris International to disclose the terms and conditions of any sale of Philip Morris Cigarettes to the First Purchaser in response to a valid and specific governmental inquiry in that regard.

3.02. *Investigations by the Relevant Administrations.* Philip Morris International shall strongly encourage its First Purchasers to cooperate with the Relevant Administrations for the purposes of investigating Cigarette smuggling and/or the laundering of proceeds arising out of the illegal trade in Cigarettes.

#### PROTOCOL 4

##### TERMINATION OF FIRST PURCHASERS AND SUBSEQUENT PURCHASERS

###### 4.01. *Termination of Business Relationships with Approved Contractors.*

(a) Philip Morris International shall terminate business relations with, including the supply of Philip Morris Cigarettes to, any Approved Contractor upon OLAF providing Philip Morris International with, or Philip Morris International otherwise coming into possession of, Sufficient Evidence that such Approved Contractor has, following the Execution Date, unlawfully or knowingly

engaged in the sale, distribution, storage, or shipment of Contraband Cigarettes or any related Money Laundering. Thereafter, such Approved Contractor shall be a Blocked Contractor.

(b) For the purposes of this Protocol and the Agreement as a whole, only the following will constitute “**Sufficient Evidence**”:

(i) a criminal conviction in any official court or tribunal for any offense relating to the sale, distribution, storage, or shipment of Contraband Cigarettes, or any related Money Laundering; or

(ii) a finding by any official court or tribunal in any civil case of involvement in the sale, distribution, storage, or shipment of Contraband Cigarettes, or any related Money Laundering.

(c) In the event that OLAF provides Philip Morris International with, or Philip Morris International otherwise comes into possession of, Sufficient Evidence that a Subsequent Purchaser has, following the Execution Date, unlawfully or knowingly engaged in the sale, distribution, storage, or shipment of Contraband Cigarettes, Philip Morris International will request the First Purchaser of Philip Morris Cigarettes that sells Philip Morris Cigarettes to such Subsequent Purchaser to cease supplying Philip Morris Cigarettes to such Subsequent Purchaser, if such Subsequent Purchaser is a direct customer of the First Purchaser. In the event that the First Purchaser refuses to honor such request, Philip Morris International will cease supplying Philip Morris Cigarettes to such First Purchaser, who will thereafter be a Blocked Contractor. If such Subsequent Purchaser is not a direct customer of a First Purchaser, then Philip Morris International shall request that the First Purchaser make such commercially reasonable efforts as may be required to terminate its direct and/or indirect supply of Philip Morris Cigarettes to such Subsequent Purchaser. In the event that the First Purchaser refuses to take such steps to terminate its direct and/or indirect supply of Philip Morris Cigarettes to such Subsequent Purchaser, Philip Morris International will cease supplying Philip Morris Cigarettes to such First Purchaser, who will thereafter be a Blocked Contractor.

(d) Philip Morris International shall maintain a list of Blocked Contractors. Unless otherwise agreed to by Philip Morris International and OLAF, a Blocked Contractor shall remain so designated for 5 years after the termination of Philip Morris International’s business relationship with such Blocked Contractor and no such Blocked Contractor will be permitted to conduct business with Philip Morris International or any Affiliates thereof, directly or indirectly, relating to the purchase, distribution, shipment, or storage of Philip Morris Cigarettes during that time. After the expiration of the 5-year period, a Blocked Contractor may reapply to become an Approved Contractor and, at that time, will be subject to the applicable Due Diligence requirements.



4.02. *Request for Termination of Business Relationships with Approved Contractors.*

(a) If OLAF believes that an Approved Contractor or Subsequent Purchaser has, following the Execution Date, unlawfully or knowingly engaged in the sale, distribution, storage, or shipment of Contraband Cigarettes or Counterfeit Cigarettes or any related Money Laundering, but does not possess Sufficient Evidence to support its belief, OLAF may present its evidence to Philip Morris International as part of a request that Philip Morris International terminate the supply of Philip Morris Cigarettes to the Approved Contractor or Subsequent Purchaser (the “**Request for Termination**”).

(b) Within 45 days of receiving a Request for Termination, Philip Morris International shall provide a response to OLAF reflecting its determination. In the event that Philip Morris International disagrees with OLAF’s conclusions and rejects the Request for Termination, it shall provide the reasons for that decision. If in that event OLAF, after considering Philip Morris International’s response, remains of the view that the supply of Philip Morris Cigarettes to the Approved Contractor and/or Subsequent Purchaser should be terminated, OLAF and Philip Morris International shall meet and confer in good faith and attempt to resolve the dispute. If the dispute has not been resolved within 30 days of the meet and confer, OLAF may bring the dispute before the Arbitrators in accordance with Article 12.02 of the Agreement and may seek an order from the Arbitrators requiring Philip Morris International to terminate its business relationship with the Approved Contractor in question (the “**Termination Order**”), or, if the Person that is the subject of the Request for Termination is a Subsequent Purchaser, that Philip Morris proceed under Protocol 4.01(c) above as if Sufficient Evidence existed concerning such Subsequent Purchaser.

(c) In any arbitration proceedings brought under Protocol 4.02 hereof, the Arbitrators may issue a Termination Order to Philip Morris International only where it has been proven by the greater weight of the evidence that:

(i) the Approved Contractor or Subsequent Purchaser in question has, following the Execution Date, unlawfully or knowingly engaged in the sale, distribution, storage, or shipment of Contraband Cigarettes or Counterfeit Cigarettes or any related Money Laundering;

(ii) five separate seizures of at least 4 million Cigarettes each have been made of Philip Morris Cigarettes sold to, handled by, or channeled through the Approved Contractor or Subsequent Purchaser in question within the previous 12 months, (with a time span from the date of the first seizure to the fifth seizure of at least 45 days), and such person

has refused to cooperate with lawful requests to do so made by the Relevant Administration(s) in relation to such seizures;

(iii) any number of seizures have been made of Contraband Philip Morris Cigarettes sold to, handled by, or channeled through the First Purchaser or Subsequent Purchaser in the preceding 12 month period which have totaled more than 25 million Cigarettes, and such person has refused to cooperate with lawful requests to do so made by the Relevant Administration(s) in relation to such seizures; or,

(iv) beginning one year after the Execution Date, any number of seizures have been made of Contraband Philip Morris Cigarettes sold to, handled by, or channeled through an Approved Contractor (other than a First Purchaser) in the preceding 12 month period which have totaled more than 500 million Cigarettes, and such person has refused to cooperate with lawful requests to do so made by the Relevant Administration(s) in relation to such seizures.

## PROTOCOL 5

### ACCOUNTABILITY OF PAYMENTS FOR CIGARETTES

#### 5.01. *Acceptable Forms of Payment.*

(a) Philip Morris International shall adhere to its anti-money laundering policies, which are designed to ensure that it receives payment for Philip Morris Cigarettes solely from legal sources. The policies developed by Philip Morris International to track and monitor all payments made for Cigarettes sold and/or distributed by Philip Morris International shall include measures designed to prevent the use of the proceeds of any illegal activity, in any form whatsoever, as payment for Cigarettes. Specifically, as those policies relate to transactions with Approved Contractors relating to the sale, storage or distribution of Philip Morris Cigarettes:

(i) acceptable forms of payment shall be limited to:

(A) wire transfers or checks, in both cases from a bank account in the name of the Person or Affiliate of such Person with whom Philip Morris International is transacting,

(B) cashier's checks or bank drafts, in both cases issued by a bank in the country in which the Person with whom Philip Morris International is transacting is located; and,

(C) cash, but only where the nature and scale of the business of the Person with whom Philip Morris International is transacting (e.g., a small retail outlet) are such that it is not commercially feasible under local conditions for that Person to use the forms of payment specified in (A) or (B);

(ii) all payments must be made in the same currency and in the same amount as the invoice;

(iii) all payments for Philip Morris Cigarettes must be made by the invoiced customer or an Affiliate of that customer disclosed to Philip Morris International in accordance with Protocol 2.03(c)(vi);

(iv) payments for each invoice or group of invoices due shall be made by a single instrument; and,

(v) payment must be made from an account designated by the Approved Contractor during the Due Diligence process, under Protocol 2.03(c)(vi), above.

(b) Exceptions to the five requirements set forth above in Protocol 5.01(a) may be made on a case-by-case basis. Such exceptions must be approved by the Chief Financial Officer of Philip Morris International, and the reasons for granting any exception shall be documented.

## PROTOCOL 6 DISCLOSURE OF INFORMATION

6.01. *Responding to Inquiries.* Within 45 days of a written request by OLAF, Philip Morris International shall provide OLAF with the following:

(i) the list of Approved Contractors and Blocked Contractors as of the date of the request;

(ii) sales volumes to Approved Contractors after January 1, 2004;

(iii) reasonable estimates of the annual Retail Demand for any domestic or duty free market in the Member States or any Designated State for any time period after January 1, 2004 and any domestic or duty free market if there have been 3 seizures in the Member States of more than 5 Master Cases Contraband Philip Morris Cigarettes within the previous 12 months that had such domestic market as the Intended Market of Retail Sale; and

(iv) information relating to the storage and shipment of Philip Morris Cigarettes for any market of retail or duty free sale after January 1, 2004.

6.02. *Provision of Information.* Subject to applicable data protection and secrecy laws, within 45 days of a specific written request by OLAF, Philip Morris International shall provide to OLAF, Due Diligence Information and Approved Contractor records created after January 1, 2004 relating to activity occurring after that date.

6.03. *Fast Track Provision of Information.* In the event that OLAF or the Relevant Administrations make a seizure of Contraband Philip Morris Cigarettes, and OLAF seeks information regarding other Philip Morris Cigarettes that may be in transit, Philip Morris International agrees to make commercially reasonable efforts to promptly (*i.e.* as soon as possible during the next business day) provide, at OLAF's request, the information listed in 3.03(a) of the Tracking and Tracing Protocols, to the extent available, for all shipments of Philip Morris Cigarettes to the same First Purchaser associated with the seized Contraband Philip Morris Cigarettes for a period encompassing three months prior to and three months subsequent to the date of shipment of the seized Contraband Philip Morris Cigarettes.

## PROTOCOL 7

### CREATION OF A PHILIP MORRIS INTERNATIONAL COMPLIANCE OFFICER

#### 7.01. *The Compliance Officer.*

(a) Philip Morris International shall create an internal position of Director for Anti-Contraband and Anti-Money Laundering Compliance (the “**Vice President for Compliance Systems**”), who shall report directly to senior management of Philip Morris International.

(b) The Vice President for Compliance Systems shall have the authority and be responsible for:

(i) reviewing Philip Morris International's practices relating to the sale, distribution, storage, and shipment of Philip Morris Cigarettes;

(ii) undertaking and executing any and all of the commitments made under this Agreement by Philip Morris International;

(iii) overseeing compliance by Philip Morris International with Philip Morris International's Fiscal Compliance Policy and the Agreement;

(iv) developing the education and training programs for employees relating to the sale, distribution, storage and shipment of Philip Morris Cigarettes in accordance with Philip Morris International's Fiscal Compliance Policy and the Agreement, which are provided for in Protocol 11; and

(v) serving, directly and/or through appropriate staff, as a contact point for communication between Philip Morris International and the EC, the Participating Member States and OLAF.

## PROTOCOL 8

### SHIPMENT TO WAREHOUSES FOR SALE AT LATER DATE AND EARLY WARNING SYSTEM NOTIFICATION

8.01. *Information on Cigarettes in Customs Warehouses.* Philip Morris International shall, upon receiving a request from OLAF, inform OLAF of quantities of Philip Morris Cigarettes kept in stock as of the date of the request in tax and customs warehouses in the possession, custody or control of Philip Morris International in the Territory of the Member States or any Designated State, under the regime of transit or duty suspension.

8.02. *Early Warning System Notification.* With respect to all Philip Morris Cigarettes manufactured in the Territory of the Member States for export outside the Territory of the Member States, and/or subject to duty-suspended movement in transit in the Territory of the Member States, Philip Morris International agrees to notify customs authorities in the country of departure (electronically where the appropriate infrastructure exists) at the time of departure from Philip Morris International. The notification shall include:

- (i) the date of the shipment from the last point of Philip Morris International's physical custody of the Philip Morris Cigarettes;
- (ii) details concerning the Philip Morris Cigarettes shipped (brand, amount, warehouse);
- (iii) the intended shipping destination;
- (iv) the identity of the Person to whom the Cigarettes are being shipped;
- (v) the mode of transportation, including the identity of the transporter;

(vi) the expected date of arrival of the shipment at the intended shipping destination; and,

(vii) the Intended Market of Retail Sale.

#### PROTOCOL 9 DELEGATION OF AUTHORITY

9.01. *Delegation of Authority.* Substantial discretionary authority relating to the sale, distribution, storage, and shipment of Philip Morris Cigarettes, or the establishment of policies and business practices relating thereto, shall be delegated by Philip Morris International only to Philip Morris International employees that Philip Morris International reasonably believes, after the exercise of due diligence, have demonstrated the ability and commitment to act in full compliance with the terms and principles of these Protocols.

#### PROTOCOL 10 PERFORMANCE REVIEWS

10.01. *Performance Reviews.* Performance reviews, compensation, and promotions of Philip Morris International's employees whose activities relate to the sale, distribution, storage, and shipment of Philip Morris Cigarettes shall take into account such employees' performance in connection with these Protocols.

#### PROTOCOL 11 TRAINING PROGRAMS

11.01. *Training Programs.* Philip Morris International shall design training programs for its employees whose activities involve the sale, distribution, storage, and/or shipment of Philip Morris Cigarettes, or the establishment of policies and business practices relating thereto. The curriculum for such training programs shall be notified to OLAF. These employees shall, at least once a year, either conduct or participate in training programs designed to educate and inform Philip Morris International's employees about their compliance obligations under these Protocols, with supplemental training to be required if necessary, at the discretion of the Vice President for Compliance Systems. At least once a year, a representative of OLAF shall participate in the training for Philip Morris International employees as part of the training programs described in this Protocol.

PROTOCOL 12  
MONITORING AND AUDITING SYSTEMS

12.01. *Development of Monitoring and Auditing Systems.* In conjunction with the Law Department and the Finance Department of Philip Morris International, the Vice President for Compliance Systems will develop Anti-Contraband and Anti-Counterfeit Monitoring and Auditing Systems. Fiscal Compliance Coordinators will be designated for each region, who will be responsible for implementing these systems in their business units.

PROTOCOL 13  
REPORTING OF SUSPICIOUS ACTIVITY

13.01. *Reporting Requirements.* Philip Morris International agrees to require that if an employee of Philip Morris International suspects that there has been a violation of these Protocols by another employee or by an Approved Contractor, the employee must promptly report the activity to one of the following Persons: his or her supervisor, the department head, a Fiscal Compliance Coordinator, the Vice President for Compliance Systems, or the Law Department of Philip Morris International. To the extent permitted by law, the identity of the reporting employee will be kept confidential, if requested by the individual. Philip Morris International shall establish the means so that these reports may be made anonymously.

13.02. *Reporting System.* The Vice President for Compliance Systems shall create, in conjunction with the Law Department and the Finance Department of Philip Morris International, a Reporting System. Such Reporting System will allow employees of Philip Morris International to anonymously report, by any means including email, regular mail, or telephone:

(a) any suspicious transactions, including, but not limited to, any suspected involvement of Philip Morris International employees or Approved Contractors in:

(v) the illegal sale, distribution, storage, or shipment of Contraband Philip Morris Cigarettes;

(vi) any related illegal activity; or

(vii) transactions that do not correspond to ordinary commercial practices and render Philip Morris Cigarettes vulnerable to diversion into smuggling channels; or

(b) any transaction between Philip Morris International and an Approved Contractor that is made or attempted in cash, cash equivalents, bearer or third-party instruments, when the amount of the transaction exceeds Ten Thousand Dollars (\$10,000.00) and the Philip Morris International employee cannot verify that the transaction has been reported, or when the Philip Morris International employee has reason to believe or to suspect that a series of transactions has been structured so as not to trigger the reporting requirement when the transactions are considered individually, but when taken as a whole would trigger the reporting requirement.

13.03. *The Fiscal Compliance Coordinator.* The Fiscal Compliance Coordinator for each region must be notified promptly of any report of activity that may violate these Protocols in his or her region. In conjunction with the Law Department, the Fiscal Compliance Coordinator will review the reported activity and determine whether further action is warranted. If it is determined that an employee of Philip Morris International has violated these Protocols, the Fiscal Compliance Coordinator and the Law Department shall consult with the management of the relevant business unit involved regarding any disciplinary or other action to be taken.

13.04. *Cooperation of Philip Morris International Employees.* Philip Morris International shall encourage its employees and/or agents to make themselves available to OLAF for interviews and for the purposes of giving sworn statements, as reasonably requested and required by OLAF, relating to matters which are covered by this Agreement that arose after the Execution Date.

#### PROTOCOL 14 DISTRIBUTION OF PROTOCOLS

14.01. *Distribution of Protocols.* These Protocols shall be made available to all Philip Morris International employees on Philip Morris International's internal website. Also available at the internal website shall be:

(i) easy to understand memoranda explaining the requirements of these Protocols;

(ii) frequently asked questions and answers relating to these Protocols; and

(iii) a link to the Reporting System established pursuant to Protocol 13.02.

14.02. *Philip Morris International Compliance Policy.* No later than 6 months after the Execution Date, Philip Morris International shall revise its



written policies which address the sale, distribution, storage, and shipment of Cigarettes within or into the Territory of the Member States or any Designated States, and consolidate these policies into one document (the “**International Compliance Policy**”). As new situations arise, Philip Morris International shall make changes and modifications as necessary to the International Compliance Policy, and shall inform OLAF thereof. In the event of any inconsistency between the International Compliance Policy and these Protocols, the latter shall prevail.

14.03. The International Compliance Policy shall be made available to all Philip Morris International employees on Philip Morris International’s internal website. Also available at the internal website shall be:

- (i) frequently asked questions and answers relating to the International Compliance Policy; and
- (ii) a link to the Reporting System.