



PMI 04A-C

DESIGN, MARKETING, AND SALE OF NON-COMBUSTED ALTERNATIVES

Effective: 15 May 2021

Next review: 15 May 2023

Owner: President Smoke-Free Products Category & Chief Consumer Officer, PMI

Approved by: Chief Executive Officer, PMI

KEY POINTS TO REMEMBER

- The Code for Design, Marketing & Sales of Non-Combusted Alternatives and its Implementation Guidelines establish the core principles, practices, and governance processes to follow when developing, designing, marketing, engaging with Adult Consumers about, and selling PMI's Non-Combusted Alternatives to Combusted Tobacco Products. A separate code governs Combusted Tobacco Products.
- Hundreds of millions of Adult Smokers who would otherwise continue to smoke are looking for better alternatives to cigarettes. We are meeting those expectations and intend to replace Combusted Tobacco Products with better alternatives based on science in order to realize our vision of a smoke-free future as quickly as possible. Although the pace at which that is achieved depends heavily on whether governments, NGOs, and the scientific and public health communities accelerate change, our marketing practices should allow us to lead by example.
- PMI's Non-Combusted Alternative products, marketing, engagement, and sales activities are solely for Adult Consumers who would otherwise continue to smoke or use other nicotine containing consumer products.
- We do not encourage people who do not already smoke or use other nicotine-containing consumer products to start using Non-Combusted Alternatives, nor do we discourage or interfere with cessation. We do not want minors to use any tobacco product or Non-Combusted Alternative and we do not market to minors.
- The Code for Design, Sales & Marketing of Non-Combusted Alternatives helps ensure we market our Non-Combusted Alternatives responsibly by providing clear rules (Sections 1-6), establishing a pre-deployment review process (Section 7), requiring training for our employees and third-party partners (Section 8), self-assessment and certification (Section 9), and, of course, following all applicable laws (Section 10).
- Following the law is essential. In some places, provisions in the relevant laws may exceed requirements of this Code – and of course, you must follow those. In other areas, the Code may impose greater requirements than the law – and you must follow the Code as well as the law. In all cases, you are accountable and must apply sound judgment. Following the law and the principles, practices, and processes required by this Code is not only the right thing to do but it also helps to ensure our products and activities build our brands responsibly.



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PRINCIPLES

We are delivering a smoke-free world. Our mission is to design, substantiate, market, and sell Non-Combusted Alternatives that are much better options for Adult Consumers who would otherwise continue smoking.

Our Non-Combusted Alternatives are solely for Adult Consumers. PMI Products are only for Adults who smoke or use other nicotine-containing consumer products. We do not encourage people to start smoking or using Non-Combusted Alternatives, and we do not discourage people from quitting or interfere with quit attempts. We do not develop products or market them in ways that particularly appeal to minors.

We warn consumers about the health effects of PMI Products. Non-Combusted Alternatives are not risk-free, contain nicotine, and are addictive. All Advertising and Consumable Packaging for Non-Combusted Alternatives must have health warnings, even if the law does not require them.

We communicate about PMI Products to enable Adult Consumers to make choices. We communicate about our Non-Combusted Alternatives and brands so that Adult Consumers can find and select the products they prefer, and provide balanced, substantiated information about the risks and benefits of using PMI's Non-Combusted Alternatives. It is particularly important for Adult Consumers to understand why NCAs are a better choice than continuing to smoke and receive support in fully switching.

We market truthfully and transparently. Our communications and product claims must be accurate and non-misleading. When we contract with third party promotional staff or coaches to help us market or commercialize our products, they must make clear they are working for us.

WHY IT IS IMPORTANT FOR PMI

Consumer-centric product design, marketing, sales, and engagement drive our commercial success and can propel our Smoke-free vision.

They also have a significant impact on how consumers, business partners, stakeholders, and regulators view us and treat us and our products. Their role in encouraging rapid positive change is key, and responsible marketing practices allow us to lead by example.

Concerns that our products, marketing, and sales could discourage cessation, encourage initiation, or particularly appeal to minors can undermine our credibility, harm our reputation, and even trigger adverse regulation, threatening our ability to engage or jeopardizing product categories. How we market and sell Non-Combusted Alternatives can either enhance or undermine our credibility – and trust and meaningful dialogue are indispensable for achieving our smoke-free vision.

This Code embodies the Company's commitment to responsible product development, design, marketing, engagement, and sales. By honoring these principles and practices, you safeguard the Company's reputation, preserve important channels for us to engage with Adult Consumers, and enable our business success.

WHO MUST FOLLOW THESE PRINCIPLES & PRACTICES

All PMI employees directly involved in developing or deploying Adult Consumer-focused product, packaging, Advertising, Marketing, engagement, and Sales initiatives for Non-Combusted Alternatives must follow this Code and the Implementation Guidelines that accompany it.

All third parties contracted or engaged by the Company to conduct those activities must also follow the portions of this Code and the Implementation Guidelines that relate to the role they perform.



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DEFINITIONS

Accessories

Items PMI intends to be used with or accompanying PMI Product – for example, in the case of PMI Non-Combusted Alternatives, a cover designed for a Non-Combusted Alternative Device.

Advertising

Any Branded commercial communication by which We promote a PMI Non-Combusted Alternative to Adult Consumers, regardless of the medium.

Adult

A person who is of legal age to purchase tobacco or nicotine products or, where no such age is defined in applicable law, is at least 18 years old.

Adult Smoker

An Adult who is a consumer of Combusted Tobacco Products.

Adult Non-Combusted Alternative Consumer

An Adult Consumer, who exclusively or mostly uses Non-Combusted Alternatives.

Adult Consumer

An Adult, who is a consumer of Combusted Tobacco Products and/or Non-Combusted Alternatives.

Affiliate

Philip Morris International Inc. and each of its direct and indirect subsidiaries which conduct, or engage third parties to conduct, Marketing.

Brand (Branding, Branded)

Containing a name, trademark, logo, or other element that could easily identify a brand of an NCA made or sold by or on behalf of PMI.

Company (or PMI, or We)

Philip Morris International Inc. and its direct and indirect subsidiaries and/or Affiliates.

Combusted Tobacco Product

A manufactured consumable product that combusts tobacco and/or generates smoke inhaled directly by the user when it is used as intended. Combusted tobacco products include, for example, cigarettes,

cigarillos, cigars, “Roll Your Own”, “Make Your Own”, and pipe tobacco.

Consumable Packaging

Packaging, wrapping, bundles, or any other materials in which Non-Combusted Alternative Consumables are offered for sale to Adult Consumers. (For clarity, inserts and onserts are not Consumable Packaging for the purposes of this Code, nor are containers used for delivery of PMI NCAs to Adult Consumers.)

Content Creators

Adult Consumers aged 35 years and above posting on topics relevant to smoke free products (including tech reviews, unboxing, “smoking alternatives”, etc.) paid or receiving something of value in exchange of publishing NCA related content or content relevant to the NCA context.

Implementation Guidelines

The mandatory Guidelines listed in section Implementation Guidelines, Forms, and Attachments below.

Marketing

The set of commercial initiatives and communications by which We promote, offer, and sell PMI or third-party business partners’ products to Adult Consumers. Marketing includes Advertising.

Non-Combusted Alternative to Cigarettes (or NCA)

A manufactured consumable product (whether made from tobacco or not) that provides nicotine without combusting tobacco and that does not generate smoke inhaled directly by the user when it is used as intended. NCAs include any NCA Device necessary for the consumption of the tobacco or nicotine-containing substance.

Non-Combusted Alternative Consumable (or NCA Consumable)

A manufactured consumable for smoke-free products (whether made from tobacco or not) that provides nicotine without combusting tobacco and that does not generate smoke inhaled directly by the user when it is used as intended. Consumable variants that do not contain any nicotine but are part of a lineup of

consumables or a brand that otherwise do, fall within the NCA Consumable definition.

Non-Combusted Alternative Device (or NCA Device)

The component(s) of an NCA that generates a nicotine-containing aerosol from the NCA Consumable without combustion.

PMI Marketing Review Council

A group comprising the President Smoke-Free Products Category & Chief Consumer Officer, President Combustibles Category & Global Combustibles Marketing, Senior Vice President Global Communications, Senior Vice President & General Counsel (or their designees) that is responsible for providing input and guidance to Affiliate Deployment Review Groups and deciding on questions, issues, or exceptions requested by Affiliates.

PMI Product

A Combusted Tobacco Product, Non-Combusted Alternative Consumable, or Non-Combusted Alternative Device made or sold by or on behalf of PMI.

Premium

A value added offer, service, or other reward sold or otherwise provided to an Adult Consumer, including recognitions provided, for example, as part of loyalty program, that is not a Non-Combusted Alternative or Accessory.

Sales

The commercial initiatives by which We provide PMI Products to Adult Consumers in exchange for monetary value or other consideration, including activities such as sale-for-purchase, renting, leasing, lending, loaning, or guided trials as a result of which an Adult Consumer has access to a PMI Product.

Trade Partner

Any representative of a retail outlet, legal age meeting point (LAMP), or other business or individual that is engaged by an Affiliate for the retail sale of PMI NCAs.



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PMI MANDATORY PRACTICES

1. Products and packaging.

- 1.1 *Product and packaging development and design.* The features and attributes of PMI's NCA Consumables, Devices, and their consumer packaging must clearly reflect our intention that they are for Adult Consumers and not for people who do not use Combusted Tobacco Products or NCAs. They must not have particular appeal for minors.
- 1.2 *Product branding.* Branding is used on the consumer packaging of NCA Consumables and Devices in order to help Adult Consumers learn about, understand, select, and find the NCA they prefer. Branding must be designed and intended for Adult Consumers and must not have particular appeal to minors. Branding must not present PMI NCAs as risk-free, an alternative to quitting, or a smoking cessation therapy.
- 1.3 *Consumable and Device Packaging.* Standard brand presentation (*i.e.*, brand name, trademark and/or logo) must predominate in all designs for Consumable and Device Packaging. Visuals that have been used in Advertising must not be used on such packaging. Any text placed on the external part of such packaging must be factual, brand-related and/or product specific.
- 1.4 *Non-Combusted Alternative Devices.* Brands of Combusted Tobacco Products or tobacco-containing NCA Consumables must not be used on NCA Devices (but, subject to relevant laws, may be used on or in NCA Device packaging or consumer materials).
- 1.5 *Accessories and Premiums.* Accessories and Premiums must be for Adult Consumers and must not have particular appeal to minors.

Accessories. NCA Consumable Branding may be used on or in Accessories used with those products, such as NCA Consumable disposal units. If the Accessory is not used exclusively with NCAs, the Branding must not be visible to others when the Accessory is used.

Premiums. NCA Consumable Branding may not be used on Premiums.

2. Marketing.

- 2.1 *Marketing content.* Advertising content must reflect our intended focus on Adult Consumers. Detailed requirements are contained in PMI 04-C G2 *Marketing and Sale of Non-Combusted Alternatives*.

Marketing must not present PMI Products as risk-free, an alternative to quitting, or a smoking cessation therapy.

Marketing must be respectful and, in our best judgment, must not perpetuate negative gender, ethnic, or cultural stereotypes.
- 2.2 *No product placement.* You must not pay or give anything of value to include the use of NCAs, an NCA Brand name, or items bearing an NCA brand name in entertainment programs, films, or theatrical productions in or on the Internet, cinema, television, radio, video game, or any other program that is intended for or disseminated to the general public.
- 2.3 *Social media Content Creators.* Using Content Creators and paying or giving them anything of value in exchange for publishing product related endorsements for PMI's NCAs in their social or other digital media is prohibited unless expressly authorized by PMI Marketing Review Council or its designee(s). Such authorization is subject to strict conditions and controls intended to limit the risks of reaching unintended audiences, particularly youth.
- 2.4 *Location and execution of Marketing.* Advertising, Marketing, and Sales materials must be placed where they are likely to reach Adult Consumers and not in places or channels frequented primarily by minors.



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Advertising and Marketing materials may only be placed in media channels (including digital channels), venues, events, or locations that are not directed to minors and whose audience is reasonably estimated to be at least 75% Adults. For details on location and execution of Advertising and Marketing, including digital channels, observe PMI 04A-C G2 *Marketing and Sale of Non-Combusted Alternatives* and PMI 04-C G4 *Digital Communications with Consumers*.

- 2.5 *Trade communications*. All written promotional communications intended for Trade Partners must clearly state “*For Trade Only. Not for Distribution to Consumers.*” Advertisements and Marketing in publications intended for general circulation to the trade must have health warnings in black text on a white background, occupying no less than 10% of the total area of the advertisement.

3. Engagement.

- 3.1 *General*. We (and third parties we contract) engage with Adult Consumers about NCAs in a variety of ways, including directly, using technologies including direct mail, e-mail, SMS, MMS, live chat, and other personalized communications; by means of consumer websites; through online and offline Sales channels; through Consumable Packaging, inserts, and pack scanning technologies; websites and events, among others.

All Company activities involving engagement with Adult Consumers about NCAs must follow the applicable practices contained in PMI 04-C G2 *Marketing and Sale of Non-Combusted Alternatives*, PMI 04-C G3 *Omnichannel Youth Access Prevention*, PMI 04-C G4 *Digital Communications with Consumers*, PMI 04-C G5 *Guidelines for Consumer Messages on Non-Combusted Alternatives*, and PMI 04-C G7 *Duty to Inform for Non-Combusted Alternatives*.

- 3.2 *Third parties*. PMI contractors who engage directly with Adult Consumers must be of legal age to purchase PMI Products and at least 21 years old and shall be required by contract not to post about PMI Products or related events on social or other digital media.
- 3.3 *Transparency*. PMI employees or contractors who engage directly with Adult Consumers, including in the context of Advertising and Marketing platforms or campaigns, must make it clear that they are working for or acting on behalf of PMI.

4. Sales.

- 4.1 *Sale and delivery*. PMI NCA Consumables, NCA Devices, Accessories, or Premiums may only be sold (or provided) and delivered directly only to age-verified Adult Consumers. For more details on those measures, follow PMI 04-C G3 *Omnichannel Youth Access Prevention*.
- 4.2 *Product samples*. Subject to applicable laws, PMI NCAs may be offered free in limited quantities to age-verified Adult Consumers as part of product trial or to assist them in selecting NCAs that will enable them to fully switch from Combusted Tobacco Products to NCAs.
- 4.3 *Switch-selling*. Subject to applicable laws, we may offer to an Adult Smoker to switch or swap a PMI NCA Consumable for a Combusted Tobacco Product or competitive NCA Consumable they have already purchased.

5. Risk and product communication.

- 5.1 *Health warnings*. All Consumable Packaging, Advertising, and Marketing for NCA Consumables must have health warnings, and We must provide Adult Consumers with balanced information about risks and benefits of using PMI NCAs. Observe PMI 04-C G7 *Duty to Inform for Non-Combusted Alternatives*.
- 5.2 *Substantiation*. All statements in Advertising and Marketing, on Consumables Packaging and NCA Device packaging, and in engagements with Adult Consumers and Trade Partners must be accurate and not misleading.



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All product-related claims must be adequately substantiated. Consumer-facing communication should be based on the substantiated product statements approved by PMI Substantiation Task Force in accordance with PMI 04-C G5 *Guidelines for Consumer Messages on Non-Combusted Alternatives*. Any local adaptations must remain accurate and not misleading and true to the essence of the original statements approved by PMI Substantiation Task Force.

6. Third parties and Trade Partners.

- 6.1 *Third parties*. Third parties that are contracted by and acting on behalf of PMI to design, develop, Advertise, Market, or Sell PMI NCAs must comply with this Code and Implementation Guidelines, as applicable to their activities. They must be adequately trained and required in writing (e.g., by contract) to comply with this Code.
- 6.2 *Trade partners* that are not contracted by or acting on behalf of PMI should be encouraged to abide by this Code. For example, consider encouraging their efforts to prevent unauthorized youth purchase of NCAs and providing them assistance, training, tools, and/or incentives to support actions and behavior consistent with this Code.

7. Governance: Pre-deployment review.

- 7.1 *Governance process*. Each PMI Affiliate must have in place a Deployment Review Group (“DRG”) that provides a robust process for reviewing and approving new product, packaging, trade and consumer facing programs, campaigns, or initiatives before they are deployed. The DRG must include the Affiliate heads (or their designees) of Combustible Category, Smoke-Free Category (Consumer Experience and Marketing and Digital), Commercial Operations, Law, Global Communications, and External Affairs functions (or the Affiliate equivalent of those functions). Programs, campaigns, or initiatives that are included in centrally-developed “toolboxes” may be subject to an abbreviated procedure but must at a minimum be reviewed by representatives of the Affiliate Law, External Affairs and Global Communications functions (or the Affiliate equivalent of those functions).
- 7.2 If you propose deploying a program, campaign, or initiative, you are responsible for assessing
 - that the proposal responds to Adult Consumers’ needs and makes sound commercial sense;
 - its conformity with relevant laws;
 - its consistency with this Code and Guidelines, and in particular the risk that it could be perceived as focusing on non-smokers, encouraging initiation, discouraging cessation, or particularly appealing to minors, and ways to resolve or mitigate those concerns.

Empirical data help inform decisions but are not always available. You can also rely upon input and assessments from the PMI Marketing Review Council; experience from other countries that deployed the initiative; market observation and analysis; input from colleagues in Law, External Affairs, and Global Communications; and your best judgment.

- 7.3 *Making decisions*. We should do our utmost to encourage Adult Smokers to fully switch to NCAs while avoiding or mitigating risks that those initiatives could create a misperception that we intend to discourage cessation, encourage initiation, or appeal to minors.
- 7.4 *Documentation*. In accordance with PMI 01-C *Managing Company Information*, each Affiliate must keep a record of proposals considered by the DRG and the decisions taken.
- 7.5 *Escalation, clarification, or exceptions*. Questions, clarifications, or requests for interpretation of this Code may be referred to the PMI Marketing Review Council. Any exceptions to PMI 04A-C must be submitted in writing to PMI Marketing Review Council and approved by President Smoke- Free Products Category & Chief Consumer Officer.



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8. Training.

- 8.1 All PMI employees directly involved in developing or deploying Adult Consumer-focused product, packaging, Advertising, Marketing, engagement, and Sales initiatives for NCAs must receive training on this Code and Implementation Guidelines.
- 8.2 All third parties that are contracted by and acting on behalf of PMI to develop or deploy Adult Consumer-focused product, packaging, Advertising, Marketing, engagement, and Sales initiatives for NCAs (including agencies, brand ambassadors and other promotional staff, coaches, sales experts, call center agents, front line staff, event staff, and shop assistants) must be trained on the parts of the Code and related Implementation Guidelines that are relevant to their activities.
- 8.3 The Affiliate Heads, the Regional functional heads responsible for NCAs and President Smoke- Free Products Category & Chief Consumer Officer or his/her delegates are accountable for implementing these trainings for all employees in, and third parties contracted by, their respective organizations. Trainings must be repeated at least every two years.

9. Implementation and certification.

- 9.1 On at least an annual basis, each Affiliate DRG must perform a self-assessment to determine if the practices required in this Code and its associated Guidelines are implemented across all relevant channels and operating adequately and trainings required by Section 8 were conducted.

Members of the DRG and the Head of the Affiliate must certify that the proposals approved by the DRG, as executed, complied with the Code and Mandatory Guidelines or, where discrepancies are noted, that they were investigated, resolved, and/or rectified, as applicable.

Results and actions resulting from the self-assessment are to be documented and shared with the relevant Regional Vice President.

- 9.2 Each Regional Vice President Smoke-Free Products Category, or his/her designee, must attest and report on an annual basis to the President Smoke-Free Products Category & Chief Consumer Officer a summary and a conclusion on the effectiveness of the systems implemented and operated in the applicable markets covered within their region. The attestation should consolidate and outline the results of the self-assessment activities performed by the markets in their region.
- 9.3 In addition to Affiliate and Regional reporting and certification, President Smoke-Free Products Category & Chief Consumer Officer or his/her delegates will consider Adult Consumer, stakeholder, and media reaction to Affiliate Marketing and Sales initiatives when they are deployed. If PMI has reason to believe activities are inconsistent with this Code or undermine PMI's reputation, President Smoke-Free Products Category & Chief Consumer Officer or their delegates will investigate and act in conjunction with the relevant Affiliate to address those concerns.

10. Compliance with all applicable laws.

In addition to the requirements of this Code and the Implementation Guidelines, our products, packaging, and Marketing and Sales activities must follow applicable laws, meet standards of decency, and be acceptable within the culture and norms of the country where they will be implemented. This Code's requirements are minimum standards. While applicable laws always prevail, these standards and the requirements to apply sound judgment apply when there are no applicable laws or when stricter than the applicable laws.



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11. Exception Handling.

Requests for exceptions to *PMI 04A-C Design, Marketing & Sale of Non-Combusted Alternatives*, must be submitted in writing to PMI Marketing Review Council and approved by President Smoke-Free Products Category & Chief Consumer Officer.

12. Ask Questions and Give Feedback

If you have any questions regarding the content or the interpretation of *PMI 04A-C Design, Marketing & Sale of Non-Combusted Alternatives*, please contact your Affiliate/Regional functional heads responsible for NCAs or President Smoke- Free Products Category & Chief Consumer Officer.

IMPLEMENTATION GUIDELINES, FORMS, AND ATTACHMENTS

PMI 04-C G2 Marketing and Sale of Non-Combusted Alternatives

PMI 04-C G3 Omnichannel Youth Access Prevention

PMI 04-C G4 Digital Communications with Consumers

PMI 04-C G5 Consumer Messages on Non-Combusted Alternatives

PMI 04-C G7 Duty to Inform for Non-Combusted Alternatives