



PMUS 04A-C

DESIGN, MARKETING & SALE OF SMOKE-FREE PRODUCTS IN THE UNITED STATES

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Owner: Senior Vice-President and General Counsel

Approved by: Chief Executive Officer, PMI

KEY POINTS TO REMEMBER

The Code for Design, Marketing & Sales of Smoke-Free Products in the United States and its Implementation Guidelines establish the core principles, practices, and governance processes to follow when developing, designing, and marketing Smoke-Free Products and engaging with Adult Consumers. A separate policy framework governs the PMI cigars' business in the United States.

- Millions of adults in the United States currently smoke cigarettes. Despite quitting being the most effective way to reduce the risk of smoking-related harm and disease, the majority of adult smokers continue smoking each year. Because smoking is the most harmful form of tobacco use, our ambition is to replace cigarettes with Smoke-Free Products that don't burn tobacco for these adult smokers. Smoke-Free Products include heated tobacco, e-vapor, moist snuff tobacco, chewing tobacco, snus, and nicotine pouches among others. The potential benefits of complete switching to Smoke-Free Products for adults who would otherwise continue to smoke, and to public health overall, are enormous.
- In the U.S., the Food and Drug Administration ("FDA") has authority to regulate tobacco products with respect to manufacturing, marketing, and distribution. New tobacco and nicotine-containing products require pre-market authorization by FDA, which involves rigorous scientific review. In addition to FDA's regulatory authority, there are numerous federal, state, and local laws and regulations that guide the marketing and sale of tobacco products in the U.S.
- Given this unique and complex environment, it is necessary to have the U.S. specific Code for Design, Marketing & Sale of Smoke-Free Products. Our compliance with all applicable legal and FDA requirements serves as a baseline for our efforts. Through this Code, we may also exceed the baseline because we seek to demonstrate leadership and responsibility in our pursuit of a smoke-free future.
- The minimum legal age to purchase tobacco and nicotine products in the U.S. is 21. No one under 21 years of age should use tobacco and/or nicotine products in any form. We are committed to strict adherence to responsible marketing practices that seek to ensure the development, marketing, and sales of our Smoke-Free Products are solely for Adult Consumers who would otherwise continue to smoke or use nicotine products. It is imperative that we do our part in preventing



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underage access to our Smoke-Free Products as guided by this Code and our Under-21 Prevention program.

- Adult tobacco and nicotine consumers deserve access to and accurate information about products that present less potential risk of harm than continued smoking. Where permitted to do so by FDA regulations, we inform consumers about the relative health effects of our products, and in any event, we require all advertising and product packaging for our products to include health warnings. We require our marketing to be truthful, accurate and not misleading. All information and product

claims in marketing and sales materials must be fact-based, backed by evidence, and in compliance with all applicable requirements, including this Code.

- The Design, Marketing & Sale of Smoke-Free Products in the United States helps ensure we market our Smoke-Free Products 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 compliance with all applicable laws (Section 10).

COMMITMENTS

In the United States and beyond, we are delivering a smoke-free world. Our mission is to design, substantiate, market, and sell Smoke-Free Products that present less potential risk of harm for Adult Consumers who would otherwise continue smoking or use other tobacco and nicotine containing products.

Our Smoke-Free Products 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 Smoke-Free Products, and we do not discourage people from quitting altogether or interfere with quit attempts. We do not develop products or market them in ways that particularly appeal to individuals under the age of 21.

We warn consumers about the health effects of PMI Products. Smoke-Free Products are not risk-free, contain nicotine, and are addictive. All Advertising and Consumable Packaging for Smoke-Free Products 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 Smoke-Free Products and brands so that Adult Consumers can find and select the products they prefer, and provide balanced, substantiated information about the risks and benefits – to the extent permitted by law and FDA Requirements of using PMI's Smoke-Free Products. It is particularly important for Adult Consumers to understand why Smoke-Free Products 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, these individuals must make clear they are working on our behalf.

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 in the United States and beyond.

Consumer-centric focus and the continued transition of Adult Consumers away from cigarettes can affect how consumers, business partners, stakeholders, and regulators view harm reduction and regulation of SFPs. Societal acceptance of smoking harm reduction to accelerate positive change is key, and we distinguish ourselves by responsibly marketing SFPs to significantly reduce continued smoking while remaining focused on underage access prevention.

Concerns that our products, marketing, and sales could discourage cessation, encourage initiation, or particularly appeal to individuals under the age of 21 can undermine our credibility, harm our reputation, and even trigger adverse regulation, threatening our ability to engage with Adult Consumers about the benefits of SFP's or jeopardizing product categories. How we market and sell Smoke-Free Products can either enhance or undermine our



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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 COMMITMENTS & PRACTICES

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

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

DEFINITIONS

Accessories

Items PMI intends to be used with or accompanying PMI Product – for example, in the case of SFP, a cover designed for a Device or a refillable case for nicotine pouches.

Advertising

Any Branded commercial communication by which We promote SFP to Adult Consumers, regardless of the medium.

Adult

A person aged 21 years old or above, which is the legal age to purchase tobacco or nicotine products in the United States.

Adult Consumer

An Adult who is a current consumer of Combusted Tobacco Products, Smoke-Free Products and/or other tobacco or nicotine containing products.

Adult Consumer of Smoke-Free Products (or SFP Consumer)

An Adult Consumer who exclusively or predominantly uses Smoke-Free Products.

Adult Smoker

An Adult Consumer who exclusively or predominantly uses Combusted Tobacco Products.

Affiliate

Each of PMI's direct and indirect subsidiaries which either itself conducts, or engages third parties to conduct, Marketing.

Brand (or Branding, Branded)

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

Combusted Tobacco Product

A manufactured consumable product that combusts tobacco and/or generates smoke when used as intended.

Company (or PMI, or We)

Philip Morris International Inc. and its direct and indirect subsidiaries and/or Affiliates operating in the U.S.

Consumable Packaging

Packaging, wrapping, bundles, or any other materials in which SFP 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 boxes, bags used for delivery of SFP to Adult Consumers.)

FDA

Refers to the U.S. Food and Drug Administration.

FDA Requirements

Requirements resulting from Marketing Orders or Found Exempt Orders issued from time to time by the U.S. Food & Drug Administration. These FDA marketing or exemption orders are required to legally market tobacco products in the United States. Such orders may be granted through one of three regulatory pathways: Substantial Equivalence, Substantial Equivalence Exemption Requests, or Pre-Market Tobacco Product Applications for new products. In addition, product messaging involving quantitative or comparative health claims requires a marketing order as a Modified Risk Tobacco Product. All such orders may include additional FDA requirements for marketing restrictions, pre-market notification, and post-market studies or reporting. Requirements are also found in the Tobacco Control Act, applicable law, as well as regulations promulgated by the FDA.

Implementation Guidelines

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



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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.

PMI Product

A tobacco and/or nicotine containing product as well as a Smoke-Free Device made or sold by or on behalf of PMI in the U.S.

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 SFP or Accessory.

Smoke-Free Consumable (or Consumable)

Manufactured consumable to be used with a Device or as a stand-alone product (whether made from tobacco or not), that contains nicotine. Consumables include, among others, heated tobacco, liquids for e-vapor, disposable e-vapor, nicotine pouches, and snus. 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 Consumable definition.

Smoke-Free Device (or Device)

The device to be used with Consumable to generate a nicotine-containing aerosol from Consumable without combustion.

Smoke-Free Products (or SFP)

Any consumer product that: (i) contains or provides nicotine without combustion of tobacco and doesn't generate smoke when used as intended; and (ii) as such has the potential to present less risk of harm than continued smoking for Adult Consumers who completely switch. SFP include Consumables, Devices – when one is needed – and Smokeless Tobacco Products.

Smokeless Tobacco Products

Any tobacco product that consists of cut, ground, powdered, or leaf tobacco and that is intended to be placed in the oral cavity.

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

A retail outlet, legal age meeting point (LAMP), or other business or individual that sells SFP directly to Adult Consumers.

U.S. Marketing Review Council

A group comprising the Senior Vice-President and General Counsel, President Americas & CEO PMI U.S. Business, President SFP Inhaled Products & CCO, President SFP Oral & CEO Swedish Match, or their delegates and representatives of the Law, EA and Global Communication functions that is responsible for providing input and guidance to the U.S. Pre-Market Review Group and deciding on questions, issues, or exceptions requested by the U.S. market.

PMI MANDATORY PRACTICES

1. Products and packaging.

- 1.1 *Product and packaging development and design.* The features and attributes of Consumables, Devices, and their consumer packaging must clearly reflect our intention that they are for Adult Consumers. They must not have particular appeal for individuals under the age of 21.
- 1.2 *Product branding.* Branding is used on the consumer packaging of SFP Consumables and Devices in order to help Adult Consumers learn about, understand, select, and find the SFP they prefer. Branding must be designed and intended for Adult Consumers and must not have particular appeal to individuals under the age of 21. Branding must be consistent with FDA Requirements and not present SFP 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. Images 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.



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- 1.4 *Devices.* Brands of Combusted Tobacco Products or tobacco-containing Consumables must not be used on Devices (but, subject to relevant laws, may be used on or in 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 individuals under the age of 21.

Accessories. Device and/or Consumable Branding may be used on or in Accessories used with those products. Apply sound judgment for Accessories branding.

Premiums. Consumable Branding may not be used on Premiums, if it is visible when said Premiums are worn or used as intended.

2. Marketing.

- 2.1 *Marketing content.* Advertising content must reflect our intended focus on Adult Consumers. Detailed requirements are contained in PMUS 04A-CG2 Marketing and Sale of Smoke-Free Products.
- Marketing must not present SFP 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.* We shall not pay or give anything of value to include the use of SFP, an SFP Brand name, or items bearing an SFP 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 Influencers.* The use of social media influencers, i.e., adult paid or receiving something of value in exchange of publishing content on their own social media accounts, for SFP in the U.S. is prohibited.
- 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 individuals under the age of 21.
- Advertising and Marketing materials may only be placed in media channels (including digital channels), venues, events, or locations that are not directed to individuals under the age of 21 and whose audience is reasonably estimated to be at least 85% Adults. For details on location and execution of Advertising and Marketing, including digital channels, observe PMUS 04A-CG2 Marketing and Sale of Smoke-Free Products and PMUS 04A-CG4 Digital Communications for Smoke-Free 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 20% of the total area of the advertisement.

3. Engagement.

- 3.1 *General.* To the extent permitted by the law or, when applicable, FDA Requirements, We (and third parties We contract) engage with Adult Consumers about SFP 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 SFP must follow the applicable practices contained in PMUS 04A-CG2 Marketing and Sale of Smoke-Free Products, PMUS 04A-CG3 Omnichannel Youth Access Prevention, PMUS 04A-CG4 Digital Communications for Smoke-Free with



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Consumers, PMUS 04A-CG5 Consumer Messages on Smoke-Free Products, PMUS 04A-CG6 Use of Flavors and Product Features in Smoke-Free Products and PMUS 04A-CG7 Duty to Inform For Smoke-Free Products.

3.2 *Personnel for consumer engagement.* Employees of PMI and third parties that are contracted by PMI to engage directly with Adult Consumers must be at least 24 years old and shall be required in writing (e.g., by contract) not to post about PMI Products or related events on social or other digital media.

3.3 *Transparency.* Employees of PMI or third parties contracted by PMI 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.* Consumables, Devices, Accessories, or Premiums may be sold (or provided) and delivered directly only to age-verified Adult Consumers. For more details on those measures, follow PMUS 04A-CG3 Omnichannel Youth Access Prevention.

4.2 *Product samples.* The sampling of SFP is prohibited, with the exception of Smokeless Tobacco Products, which may be offered free in limited quantities to age-verified Adult Consumers in qualified adult-only facilities in accordance with the U.S. Tobacco Control Act and PMUS 04A-CG2 Marketing and Sale of Smoke-Free Products.

5. Risk and product communication.

5.1 *Health warnings.* All Consumable Packaging, Advertising, and Marketing for Consumables must have health warnings, and We must provide Adult Consumers with balanced information about risks and benefits of using SFP. Observe PMUS 04A-CG7 Duty to Inform For Smoke-Free Products.

5.2 *Substantiation.* All statements in Advertising and Marketing, on Consumables Packaging and Device packaging, and in engagements with Adult Consumers and Trade Partners must be accurate and not misleading.

All product-related claims must be adequately substantiated, and when applicable, comply with FDA Requirements. Consumer-facing communication should be based on the substantiated product statements approved by PMI Substantiation Task Force in accordance with PMUS 04A-CG5 Guidelines for Consumer Messages on Smoke-Free Products. Any adaptations must remain accurate, not misleading and true to the essence of the original statements approved by PMI Substantiation Task Force, it being understood that messages authorized by the FDA cannot be modified.

6. Third parties and Trade Partners.

6.1 Third parties and Trade Partners that are contracted by and acting on behalf of PMI to Advertise, Market, or Sell SFP (such as brand retail store or website operators) must comply with this Code and Implementation Guidelines, as applicable to their activities. They must be required in writing (e.g., by contract) to comply with requirements of this Code and Implementation Guidelines that are directly applicable to their activities as determined by PMI and their employees must be adequately trained on the same.

6.2 Trade Partners that are contracted by PMI but not acting on PMI's behalf (such as key accounts and e-retailers) must be required in writing (e.g., by contract) to comply with the requirements of this Code and Implementation Guidelines that are directly applicable to their activities as determined by PMI (e.g., youth access prevention measures, including age-verification).

6.3 All other Trade Partners that are not contracted by PMI should be encouraged to abide by the requirements of this Code that are applicable to their activities as determined and communicated by PMI from time to time. For example, consider encouraging their efforts to prevent unauthorized youth purchase of SFP and providing them assistance, training, tools, and/or incentives to support actions and behavior directed at that.



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7. Governance: Pre-market review.

7.1 *Governance process.* PMI U.S. Affiliate must have in place a Pre-Market Review Group (“PMRG”) 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 PMRG must include the COO PMI U.S. Business, the SVP, Inhalables Commercial & CCO, U.S. and VP, Marketing Smokeless (or their designees), and representatives of the following functions: Consumer Experience, Marketing, Digital, Commercial Operations, Law, Global Communications, and External Affairs (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 and if applicable, FDA Requirements;
- its consistency with this Code and Guidelines, and in particular the risk that it could be perceived as focusing on individuals who do not use tobacco or nicotine products, encouraging initiation, discouraging cessation, or particularly appealing to individuals under the age of 21, and ways to resolve or mitigate those concerns; and
- whether the material in question is subject to specific FDA Requirements, including in terms of notification or pre-submission, and when it is, ensure material is submitted to the agency in time.

Empirical data help inform decisions but are not always available. You can also rely upon input and assessments from the PMRG, U.S. 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 SFP while avoiding or mitigating risks that those initiatives could create a misperception that we intend to discourage cessation, encourage initiation, or appeal to individuals under the age of 21.

7.4 *Documentation.* In accordance with PMI 01-C Managing Company Information, the Affiliate must keep a record of proposals considered by the PMRG and the decisions taken.

7.5 *Escalation, clarification, or exceptions.* Questions, clarifications, or requests for interpretation of this Code may be referred to the U.S. Marketing Review Council. Any exceptions to PMUS 04A-C must be submitted in writing to the U.S. Marketing Review Council and approved by the President Americas & CEO PMI US Business.

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 SFP in the United States must receive training on this Code and Implementation Guidelines.

8.2 Third parties that are contracted by PMI to develop or deploy Adult Consumer-focused product, packaging, Advertising, Marketing, engagement, and Sales initiatives for SFP in the United States (including agencies, brand ambassadors and other promotional staff, coaches, sales experts, call center agents, front line staff, event staff) must be trained on the parts of the Code and related Implementation Guidelines that are directly applicable to their activities as determined by PMI.



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8.3 The President Americas & CEO PMI U.S. Business, the COO PMI U.S. Business (or their designees), are accountable for implementing trainings for all employees and third parties. Trainings must be repeated at least every two years.

9. Implementation and certification.

9.1 On an annual basis, the COO PMI U.S. Business and members of the PMRG must certify that the proposals approved by the PMRG, as executed, complied with the Code and Mandatory Guidelines or, where discrepancies are noted, that they were investigated, resolved, and/or rectified, as applicable.

9.2 In addition to the above, the PMRG must perform also on an annual basis an assessment program to determine if the practices required in this Code and its Guidelines and selected for review by PMI are implemented across all relevant channels and operating adequately and trainings required by Section 8 were conducted.

Results and actions resulting from the program assessment are to be documented and shared with the U.S. Marketing Review Council.

9.3 The President Americas & CEO PMI US Business, or his/her designee, must attest and report on an annual basis to PMI Senior Vice-President and General Counsel a summary and a conclusion on the effectiveness of the systems implemented and operated in the U.S. market. The attestation should consolidate and outline the results of the program assessment activities performed by the Affiliate.

9.4 Irrespective of the above, if or when PMI has reason to believe activities are inconsistent with this Code or undermine PMI's reputation, the U.S. Marketing Review Council will investigate and act in conjunction with the 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, and when applicable requirements set by FDA Requirements, and meet standards of decency, and be acceptable within the culture and norms reasonably recognized in the U.S. 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.

EXCEPTION HANDLING

Requests for exceptions to PMUS 04A-C Design, Marketing & Sale of Smoke-Free Products in the United States, must be submitted in writing to the U.S. Marketing Review Council and approved by the President Americas & CEO PMI US Business.

LEARN MORE

Related Principles & Practices

PMUS 04A-CG2 Marketing and Sale of Smoke-Free Products

PMUS 04A-CG3 Omnichannel Youth Access Prevention

PMUS 04A-CG4 Digital Communications for Smoke-Free Products with Consumers

PMUS 04A-CG5 Consumer Messages on Smoke-Free Products



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PMUS 04A-CG6 Use of Flavors and Product Features in Smoke-Free Products

PMUS 04A-CG7 Duty to Inform for Smoke-Free Products

ASK QUESTIONS AND GIVE FEEDBACK

If you have any questions regarding the content or the interpretation of PMUS 04A-C Design, Marketing & Sale of Smoke-Free Products in the United States, please contact the law department.