

Philip Morris Products S.A.	Confidential
2021 Annual Report for PM0000424-PM0000426, PM0000479 and PM0000634	Page 1 of 4
Annex 6: Age and Identity of Purchasers' Effectiveness	Version 1.0

Annex 6:

Age and Identity of Purchasers' Effectiveness

Product	Marlboro Amber <i>HeatSticks</i> Marlboro Green Menthol <i>HeatSticks</i> Marlboro Blue Menthol <i>HeatSticks</i> <i>IQOS</i> System Holder and Charger <i>IQOS</i> 3 System Holder and Charger
FDA STN	PM0000424-PM0000426, PM0000479 and PM0000634
Reporting Period	PM0000424-PM0000426 and PM0000479: March 1, 2020 to February 28, 2021 PM0000634: December 7, 2020 to February 28, 2021

TABLE OF CONTENTS

1.	<i>IQOS</i> ® DEVICE.....	2
1.1.	Face-to-Face Transactions	2
1.2.	E-Commerce	3
2.	MARLBORO <i>HEATSTICKS</i> ®	3
2.1.	Owned Retail	3
2.2.	Third-Party Retail	4
3.	CONCLUSION.....	4

Confidentiality Statement

Data and information contained in this document are considered to constitute trade secrets and confidential commercial information, and the legal protections provided to such trade secrets and confidential information are hereby claimed under the applicable provisions of United States law. No part of this document may be publicly disclosed without the written consent of Philip Morris International.

Philip Morris Products S.A.	Confidential
2021 Annual Report for PM0000424-PM0000426, PM0000479 and PM0000634	Page 2 of 4
Annex 6: Age and Identity of Purchasers' Effectiveness	Version 1.0

The Marketing Orders¹ require submission of an Annual Report with a summary explaining how marketing the tobacco products continues to be appropriate for the protection of public health, including “A summary of the implementation and effectiveness of your policies and procedures regarding verification of the age and identity of purchasers of the products.” This Annex provides such summary, separated into the two components of the IQOS[®] Tobacco Heating System: the IQOS[®] device and Marlboro HeatSticks[®].

1. IQOS[®] DEVICE

PM USA sells the IQOS[®] device via two channels: face-to-face transactions and e-commerce. In both channels, all transactions are age and identity verified to confirm purchasers are 21 years of age or older (21+). Additionally, PM USA applies a purchase quantity limit of 5 cartons of Marlboro Heatsticks[®] and 2 IQOS devices (per SKU) in a 6 month period in both face-to-face and e-commerce transactions.

1.1. Face-to-Face Transactions

During the reporting period, the IQOS[®] device was sold in both owned retail and select third-party retailers. In owned retail, all individuals are age verified as 21+ before entry into the store through visual confirmation of a government issued identification. In third-party settings where our representatives are present to engage consumers, no marketing conversation will occur until the consumer is age verified 21+. In third-party retail where our own representatives are not present, we work proactively with retailers to ensure compliance with all laws, policies, and procedures intended to eliminate underage sales of any tobacco product, as described below in chapter 2.2.

During or after purchase, individuals have the option to register their device for support and create an account for PM USA's Adult Tobacco Consumer Database (ATCD). During the account registration process, PM USA utilizes a third-party electronic age and identity verification process, (b) (4) to evaluate the authenticity of the identification. While not every purchaser will elect to register their device and create an account for the ATCD, every purchaser is required to present government-issued identification to store personnel to prove their age and identity. These policies and procedures are working as expected, and PM USA is not aware of any face-to-face device sales to any consumers under the age of 21.

¹ This Annex is responsive to the April 30, 2019 Marketing Order for PM0000424-PM0000426 and PM0000479, and the December 7, 2020 Marketing Granted Order for PM0000634. We refer to both orders collectively here as the “Marketing Orders”.

Confidentiality Statement

Data and information contained in this document are considered to constitute trade secrets and confidential commercial information, and the legal protections provided to such trade secrets and confidential information are hereby claimed under the applicable provisions of United States law. No part of this document may be publicly disclosed without the written consent of Philip Morris International.

Philip Morris Products S.A.	Confidential
2021 Annual Report for PM0000424-PM0000426, PM0000479 and PM0000634	Page 3 of 4
Annex 6: Age and Identity of Purchasers' Effectiveness	Version 1.0

1.2. E-Commerce

On getIQOS.com, consumers must first affirm they are smokers, complete the electronic age and identity verification process using (b) (4) and register on the PM USA ATCD. In general, the electronic age and identity verification process has three main steps: (1) a consumer inputs data for age and identity; (2) the data are matched with third-party databases to confirm age; and (3) the consumer answers questions to confirm identity. If age and identity cannot be confirmed through this process, access is denied. The total IQOS® owned website pass rate² for the reporting period was (b) (4) of unique visitors and (b) (4) for total visits. These age-verification methods require a minimum number of public records available on an individual, which may artificially inflate failure rates and reject consumers who are over the age of 21 but do not have enough records to pass the age and identity verification process. PM USA accepts that higher failure rates may occur as a result of prioritizing a high confidence level in the accuracy of the results for the users who do pass. These policies and procedures are working as expected, and PM USA is not aware of any e-commerce device sales to consumers under the age of 21.

2. MARLBORO HEATSTICKS®

Marlboro *HeatSticks*® are sold via two face-to-face transaction channels: owned retail and third-party retail. Importantly, Marlboro *HeatSticks*® can only be used with the IQOS® device and cannot be consumed via combustion. As a result, our device purchase controls, as described above, create a critical gateway for verifying the age and identity for purchasers of the IQOS® Tobacco Heating System. In addition, *HeatSticks*® purchases are limited to 5 cartons per consumer per purchase. This limit was temporarily lifted in the Charlotte, North Carolina market between January 20, 2021 – February 13, 2021 due to stay-at-home orders put in place by local government, related to the ongoing COVID-19 pandemic. This lift was aimed at allowing consumers to purchase more cartons if desired, since their store visits were likely to be less frequent. This temporary lift resulted in approximately (b) (4) (b) (4). As stated above, the limit has been reinstated as of February 14, 2021.

2.1. Owned Retail

In owned retail, our age and identity controls are as described above with respect to sales of the IQOS® device, and PM USA is not aware of any Marlboro *HeatSticks*® sales to consumers under the age of 21.

² Percentage of consumers who pass the (b) (4) electronic age verification as 21+

Confidentiality Statement

Data and information contained in this document are considered to constitute trade secrets and confidential commercial information, and the legal protections provided to such trade secrets and confidential information are hereby claimed under the applicable provisions of United States law. No part of this document may be publicly disclosed without the written consent of Philip Morris International.

Philip Morris Products S.A.	Confidential
2021 Annual Report for PM0000424-PM0000426, PM0000479 and PM0000634	Page 4 of 4
Annex 6: Age and Identity of Purchasers' Effectiveness	Version 1.0

2.2. Third-Party Retail

In third-party retail, we work proactively with retailers to ensure compliance with all laws, policies, and procedures intended to eliminate underage sales of any tobacco product. These efforts include providing Underage Tobacco Prevention and “We Card” signs to third-party retailers and making “We Card” training available to retailers. (b) (4)

(b) (4)

We recognize that we are not the only stakeholder working to ensure retailer compliance with laws preventing the sale of tobacco products to minors and acknowledge the role of audits and other compliance activities conducted by the FDA and other stakeholders to this end.

In late 2019, Altria’s sales and distribution company, Altria Group Distribution Company (AGDC), announced Underage Tobacco Prevention Incentives to reward responsible retailing through Age Validation Technology (AVT) at the point of purchase, where retailers can scan a consumer’s ID on every tobacco transaction and help eliminate much of the human error that can be involved in ID checks. By the end of 2020, AGDC had offered monetary incentives to purchase and implement AVT in over (b) (4) stores, spending over (b) (4) during the year in monetary incentives. Also, in 2020, AGDC validated implementation of AVT in over (b) (4) stores representing (b) (4) of PM USA volume and (b) (4) of e-vapor volume nationwide. As of the end of 2020, (b) (4) stores in the three IQOS® markets had implemented AVT. [Footnote: PM USA and e-vapor volume are defined as (b) (4)]

(b) (4)

AGDC

continues to extend these incentives to additional stores to ensure that tobacco products are sold to adult consumers at more retail stores utilizing AVT.

In addition, Altria has invested in marketplace monitoring tools to gather more real-time data on underage usage trends to enable a faster response to potential issues. Secondary analysis of a key tool, Altria’s Underage Tobacco Use Survey will be part of the Postmarket Surveillance and Studies (PMSS) submitted under the Modified Risk Granted Order for PM0000424-PM0000426 and PM0000479.

3. CONCLUSION

In summary, current policies and controls are working as expected, and PM USA is not aware of any sales of the IQOS® device or Marlboro HeatSticks® to consumers under the age of 21 through any of PM USA’s owned channels. While it is more difficult to ensure full compliance among third-party retailers with respect to their sale of the IQOS® device and Marlboro HeatSticks®, we work proactively with them to this end, and acknowledge the role of other stakeholders.

Confidentiality Statement

Data and information contained in this document are considered to constitute trade secrets and confidential commercial information, and the legal protections provided to such trade secrets and confidential information are hereby claimed under the applicable provisions of United States law. No part of this document may be publicly disclosed without the written consent of Philip Morris International.