

Philip Morris Products S.A.	Confidential
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Annex 16: Description of the Implementation of all Advertising and Marketing Plans	Version 1.0

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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

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The Marketing Orders¹ require submission of an Annual Report with a summary of how the marketing of the tobacco products continues to be appropriate for the protection of public health, including “A description of the implementation of all advertising and marketing plans, including strategic creative briefs and paid media plans – whether conducted by you, on your behalf, or at your direction – by channel and by product, and the dollar amount(s) and flighting of such plans, by channel and by product...” This Annex provides such summary, including an overview of PM USA’s marketing approach in the reporting period, a list of the channels used during the reporting period and a brief description of each, and a summary of the effectiveness of PM USA’s responsibility controls.²

1. OVERVIEW OF MARKETING APPROACH

PM USA is focused on converting adult smokers to *IQOS*[®]. Because the heated tobacco category and *IQOS*[®] are unfamiliar to U.S. adult tobacco consumers, this effort requires education and guidance for adult smokers. Our fundamental marketing approach is consistent with the marketing approach of the last reporting period. Where there are changes, they are noted below.

PM USA’s approach to marketing during the reporting period has been continuously guided by the Good Conversion Principles (GCP), which we originally submitted with a 30-Day Notification dated June 7, 2019. After receiving the MRTP Modified Risk Granted Order for *IQOS*[®], PM USA updated those GCPs and submitted the revisions as part of its August 14, 2020 30-Day Notification. The revised GCPs are set forth below for reference:

1. Our goal is for adult smokers to switch completely to *IQOS*[®].
2. *IQOS*[®] is for adult smokers who want to continue enjoying tobacco products. *IQOS*[®] is not for people who have never used tobacco products or who have quit using tobacco products.
3. We provide adult smokers with factual, scientific information, and we are committed to supporting them in their switch from cigarettes to *IQOS*[®].
4. *IQOS*[®] should not be used by anyone under the legal age to purchase tobacco, and we age verify every adult smoker in our one-to-one consumer engagements.

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”.

² We provided analyses of the actual delivery of advertising impressions by way of quarterly reports during the Reporting Period. See Periodic Reports for PM0000424-PM0000426, PM0000479 and PM0000634 dated July 30, 2020, October 30, 2020, January 29, 2021 and April 30, 2021.

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5. To experience the benefits of *IQOS*[®], adult smokers should switch completely from cigarettes to *IQOS*[®].
6. *IQOS*[®] is not an alternative to quitting. The best choice for consumers concerned about the health risks of smoking is to quit altogether.

Considering the need to build awareness about a new category, educate adult smokers about the *IQOS*[®] Tobacco Heating System, encourage switching, and establish responsible marketing practices, PM USA has continued to be deliberate in its market expansion during this reporting period. After starting in the Atlanta, Georgia and Richmond, Virginia markets, PM USA expanded to the Charlotte, North Carolina, market. (b) (4)

(b) (4)

2. MARKETING CHANNELS USED DURING THE REPORTING PERIOD

During the period covered by this report, PM USA engaged with adult smokers through owned retail, email, direct mail, print advertisements, digital paid media, social media branded pages, point of sale at third party retailers, brochures, guides, face-to-face interactions, and owned websites. Due to the ongoing pandemic we did not conduct (b) (4) activities or consumer engagement events.

2.1. Owned Retail

Investments in *IQOS*[®] owned retail most clearly reflect PM USA's commitment to market to, educate, and support its intended audience using the GCPs. The entire experience is designed to educate and convert adults 21+, who would otherwise continue to smoke, to *IQOS*[®].

(b) (4)

(b) (4)

PM USA

owned and operated (b) boutique storefronts, (b) mobile retail units (b) corner units, and (b)

³ Modified Risk Granted Orders – Exposure Modification for MR0000059-MR0000061 and MR0000133, July 7, 2020.

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education vehicles during this reporting period, which were utilized at varying frequencies and rotated throughout all markets in which IQOS® was present⁴.

2.2. Email and Direct Mail

PM USA sends direct communications to age-verified adult smokers age 21+ (AS 21+) who are on the PM USA Adult Tobacco Consumer Database (ATCD) and who have agreed to receive communications. Current IQOS® consumers are sent transactional communications and information to assist in their conversion. (b) (4)

(b) (4) In aggregate, these channels comprise “database marketing.” Some examples of the marketing content PM USA delivered via database marketing included introducing IQOS® to adult smokers in the geographic launch areas, informing adult smokers how to reserve a device, and announcing the opening of a company-owned retail boutique. Email and direct mail were primarily sent to individuals in the geographies where PM USA offers the IQOS® Tobacco Heating System, namely in the following metropolitan areas and their surrounding zip codes: Atlanta, Georgia and Richmond, Virginia, and Charlotte, North Carolina. (b) (4)

(b) (4)

2.3. Print

Print advertising is restricted based on the readership of the given publication, but not restricted geographically, as it is not practical or efficient to do so. These age restrictions ensure primarily adult readership of a given publication. During the reporting period, PM USA’s print advertising spend was (b) (4)

2.4. Digital Paid Media

Digital paid media advertising was initially targeted geographically to the markets where IQOS® was available and was expanded to include a national campaign. These national advertisements focused on educating adult smokers about the FDA authorized reduced exposure claim, beginning at the end of November 2020. Digital advertising is restricted based on our ability to age- and identity-verify a given consumer (b) (4)

(b) (4)

as described in previous 30-Day Notifications, including the August

⁴ Boutiques are storefronts owned and operated by PM USA. Mobile retail units have a similar look and feel as boutiques but are smaller temporary retail units that can be moved as needed. A corner is an IQOS® branded station that can be placed within an indirect retail store to educate adult 21+ smokers about IQOS®. An education vehicle is a trailer that can be placed outside of an agreed upon indirect retail location and used to communicate with 21+ smokers to educate them on IQOS® and offer guided trials.

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23, 2019 submission. During the Reporting Period, PM USA's digital paid media advertising spend was (b) (4)

(b) (4)

(b) (4)

2.5. Social Media

PM USA used Facebook and Instagram to drive product awareness and educate adult smokers. Since Facebook and Instagram have age restriction capabilities, PM USA posted product-branded content and set the age threshold to view the *IQOS*[®] branded page and content to 21 years of age or older. PM USA used Twitter solely for customer support issues, such as device troubleshooting, since Twitter allows anonymous accounts which are not age and identity verified, and therefore does not have an age restriction capability like those of Instagram or Facebook.

(b) (4)

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2.6. Brochures & Guides

Through brochures and guides, PM USA is able to offer multipage informational handouts that explain *IQOS*[®] and the heated tobacco category, provide information about accessing customer support, and direct adult consumers to the *IQOS*[®] website. These handouts are available to age-verified adult smokers to create awareness of the *IQOS*[®] Tobacco Heating System in *IQOS*[®] stores and third-party retail locations where *HeatSticks*[®] are sold.

2.7. Third-Party Retail Point of Sale

PM USA utilized multiple formats of advertng assets for Marlboro *HeatSticks*[®] and the *IQOS*[®] device placed at point of sale in third-party retail locations. This primarily included signage and kiosks.

In addition, as described in the September 25, 2020 30-Day Notification, PM USA began partnering with third-party retailers in the Charlotte market to allow the sale of *IQOS*[®] devices at select third-party retail locations. PM USA works proactively with retailers to ensure compliance with all laws, policies, and procedures intended to avoid underage sales of any tobacco product, including the *IQOS*[®] device.

To provide additional product education and to support the sale of *IQOS*[®] devices at third party retail, PM USA utilized a variety of retail point-of-sale materials and staffed and unstaffed kiosks. Via these executions, PM USA was able to share educational information about the benefits of Marlboro *HeatSticks*[®] and the *IQOS*[®] Device.

(b) (4)

Per our agreements with third-party retailers, PM USA requires that *HeatSticks*[®] be placed behind the counter and sold only to age-verified adults (21+). PM USA also requires that

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underage tobacco prevention materials be placed in a prominent location along with multiple We Card® or equivalent signs, which must be displayed prominently so they are visible both inside of, and at the entry to, the store. In addition, all retail employees selling tobacco products including *HeatSticks*® must complete underage sale prevention or We Card training.

PM USA continues to make investments in point-of-sale signage to inform AS 21+ about *IQOS*® where they currently shop for combustible cigarettes. It is both an efficient and focused way to advertise to PM USA's intended audience.

2.8. Face-to-Face Interactions

During the reporting period, PM USA engaged face-to-face with age verified AS 21+ about the *IQOS*® Tobacco Heating System. This was accomplished through *IQOS*® Experts, trained individuals who work to advocate the switch to *IQOS*® by educating legal age smokers at a variety of retail touchpoints. During the reporting period, there were (b) (4) engagements between Experts and age verified AS 21+, resulting in (b) (4) guided trials. PM USA did not use (b) (4) nor, due to the ongoing COVID-19 pandemic, host any in-person events during the reporting period.

2.9. Owned Websites

GetIQOS.com and Marlboro.com are the two owned websites utilized for advertising and marketing executions for *IQOS*®. With the exception of registration details and a store locator on GetIQOS.com, third party electronic age and identity verification is required for consumers to gain access to all marketing content and e-commerce information on both websites. If age and identity cannot be confirmed through this process, access to the full websites is denied.

(b) (4)

(b) (4)

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Total page views on getIQOS.com during the reporting period were (b) (4). There were (b) (4) impressions to the age-affirmed portion of the site, which was live from March 1, 2020 to July 6, 2020. There were (b) (4) impressions on the landing page and store locator section of the site, combined from its launch from July 7, 2020 through February 28, 2021. No demographic information was collected for those visitors, as they did not complete the age-verification process. There were (b) (4) page views or impressions from age-verified consumers age 21+ who continued through the electronic age verification process to view marketing content on the GetIQOS.com. There were (b) (4) impressions on IQOS® assets on Marlboro.com during the reporting period.

3. EARNED MEDIA

Although no earned media was placed during this reporting period, our approach to be responsive to media as needed has not changed since the last reporting period or since we previously communicated to FDA.⁹

In the reporting period, PM USA did not contract with bloggers, social media influencers, PR firms or any other type of advertising not included in the above summary to create materials on our behalf.

4. SUMMARY OF THE EFFECTIVENESS OF PM USA'S RESPONSIBILITY CONTROLS

As described in Annexes 6, 7, 12, and 15 – responsibility and focus on our intended audience is a primary consideration for everything PM USA does with respect to marketing IQOS®. Implementation of all advertising and marketing plans for the IQOS® Tobacco Heating System in the reporting period were targeted to smokers 21+ and restricted to age-verified adult smokers 21+ on owned and digital properties.

⁹ 30 Day Notification dated October 15, 2019

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