

Philip Morris Products S.A.	Confidential
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Annex 6: Age and Identity of Purchasers' Effectiveness	Version 1.0

Annex 6:

Implementation and Effectiveness of Policies and Procedures for Verification of Age and Identity of Purchasers

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	March 1, 2021 to February 28, 2022

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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 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 occurs until the consumer is age verified 21+ through visual confirmation of a government issued identification. 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 [Section 2.2](#). PM USA communicated to all select third-party retailers to apply a purchase quantity limit of 2 *IQOS* devices (per SKU) in all transactions.

During or after purchase, individuals have the option to register their device for support and create an account for (b) (4). 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 (b) (4), 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”.

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1.2. E-Commerce

On www.getIQOS.com, consumers must first affirm they are smokers, complete the electronic age and identity verification process using (b) (4), and register on the (b) (4). 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.

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.

2.2. 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. PM USA also ceases payment on retailer incentive payments to retailers with multiple underage sale violations. While we are not aware of any *IQOS* or Marlboro *HeatSticks* underage sale violations, this policy has been enforced in the past when retailers violated the Underage Sale Policy for PM USA’s combustible products; therefore, we maintain this policy to deter similar actions across the PM

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

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USA portfolio. 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.

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. AVT allows retailers to scan a consumer's ID on every tobacco transaction to help eliminate much of the human error involved in ID checks. AVT continues to be an important age validation tool for Altria's third-party retailers.

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 a 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 prevent underage sales. We also acknowledge the role of other stakeholders and their underage sales prevention efforts.

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