



## PHILIP MORRIS PRODUCTS S.A.

May 10, 2019

Dear Colleagues:

Across our entire company, in every market where we operate, we have all enthusiastically embraced our vision to achieve a smoke-free world. It's a vision we can, and should, be proud of. We are transforming ourselves, disrupting our industry, but more importantly we're making a real, and positive, change for the men and women who smoke across the world today. Already 7.3 million people have completely stopped smoking cigarettes and switched to *IQOS*. This has been achieved without reports of the occurrence of worrisome levels of unintended use. We should be proud of these remarkable achievements, made possible by the commitment and dedication of all our 77,000 employees.

Our strong belief—if you don't smoke, don't start; if you do smoke, quit; and if you don't quit, change—begins with a robust focus on preventing youth from beginning to use cigarettes or any nicotine containing products. We must do everything we can to reach only the right audience—adults who currently smoke. The world is watching us. We welcome that accountability. It has been made known to us, and will soon be reported in global media, that we have fallen short of that goal in one way. Therefore we must act and we will do so quickly.

One of the ways to reach adult smokers to inform them about our smoke-free products is through digital influencers on social media platforms. Our guidelines on how such engagement should be done are clear and consistent with our ambition to reach adults who currently smoke. The guidelines explicitly state that we must only engage with influencers over the age of 25. Unfortunately, in one instance this guidance was not followed. The identified influencer is a 21-year old legal age smoker in Russia who switched to *IQOS*. She has an Instagram followership that is 95% aged 18+ and published just one post. No laws were broken. I recognize that isolated incidents and materials taken out of context should not drive our actions—what really matters is outcomes. In Russia, device registration is at an unprecedented level of 95%. As you know, this process ensures age verification of each and every registered *IQOS* user. However, we set a high standards for ourselves and these facts do not excuse our failure to meet those standards. The influencer is under the age of 25, which is a clear breach of our guidance.

We must be honest with ourselves, and the world at large, that a mistake was made. **As of immediate effect, we are suspending all of our product-related digital influencer actions.** We will also extend our apologies to the influencer in question, who has been harassed by reporters and may be named in a story when she has done nothing wrong. While I am not proud that a mistake was made, I am proud that we are taking swift and immediate action. Our credibility and vision could not and would not be taken seriously if we did otherwise. I believe this is a clear signal, and concrete proof, of our conviction to achieve a smoke-free world through socially responsible practices.

Sincerely,

Jacek Olczak

Chief Operating Officer