



PMI 04-C

DESIGN, MARKETING, AND SALE OF COMBUSTED TOBACCO PRODUCTS

Effective: 02 April 2025

Next review: 02 April 2027

Owner: President Combustibles Category & Global Combustibles Marketing, PMI

Approved by: Chief Executive Officer, PMI

KEY POINTS TO REMEMBER

- The Code for Design, Marketing & Sale of Combusted Tobacco Products and its Implementation Guidelines establish the core principles, practices, and governance processes to follow when developing, designing, marketing, engaging with Adult Consumers about, and selling PMI's Combusted Tobacco Products. A separate code governs Smoke-Free Products.
- Smoking Combusted Tobacco Products causes serious diseases and is addictive. PMI's Combusted Tobacco Products, Marketing, consumer engagement, and sales activities are solely for Adult Smokers who choose to continue smoking, and our activities are solely focused on enabling Adult Smokers to make brand choices.
- We do not encourage people to start smoking, nor do we discourage cessation. We do not want Underage to use any PMI Products and we do not market to Underage. We warn and remind Adult Smokers of the health effects of smoking and encourage Adults who would otherwise smoke to consider switching to Smoke-Free Products.
- The Code for Design, Marketing & Sale of Combusted Tobacco Products helps ensure we market our Combusted Tobacco 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, of course, following all applicable laws (Section 10).
- Following the law is essential and we support fair and robust enforcement activities. In some places, provisions in the relevant laws may exceed requirements of this Code – and of course, we must follow those. In other areas, the Code may impose greater requirements than the law – and we must follow the Code as well as the law. In all cases, we are accountable and must apply sound judgment. Following the law and the principles, practices, and processes required by this Code is not only the right thing to do but also helps us to ensure our products and activities build our brands responsibly.



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PRINCIPLES

We are delivering a smoke-free world. Smoking Combusted Tobacco Products causes serious disease. Our mission is to design, substantiate, market, and sell Smoke-Free Products that are much better options for Adult Consumers who would otherwise smoke.

Our Combusted Tobacco Products are solely for Adult Smokers. We sell Combusted Tobacco Products and compete for market share among Adult Smokers. We do not develop or market Combusted Tobacco Products in ways that particularly appeal to Underage. We do not encourage people to start smoking, and we do not discourage people from quitting or interfere with quit attempts.

We warn consumers about the health effects of PMI Products. Smoking Combusted Tobacco Products causes serious diseases and is addictive. All Advertising and Consumable Packaging must have health warnings, even if the law does not require them.

We communicate about PMI Products to enable Adult Smokers to make choices. We communicate about our Combusted Tobacco Product brands so that Adult Smokers can find and select the products they prefer. We encourage Adult Smokers who would otherwise smoke to switch to Smoke-Free Products.

We market truthfully and transparently. Our communications and product claims must be accurate and non-misleading. When we contract third party consumer-facing personnel to help us market or commercialize our products, these individuals must make clear they are working on our behalf.

We develop, design, and deploy Combusted Tobacco Products in ways that are consistent with our smoke-free mission. We are proud of our leadership in Combusted Tobacco Products, and we intend to continue to responsibly sell cigarettes as long as there is a significant legitimate demand. Our focus, however, remains on making Smoke-Free Products available for the hundreds of millions of Adult Smokers who would otherwise smoke; encouraging them to fully switch to better products; and leading the transformation of the industry. We will maintain our leadership in Combusted Tobacco Products by focusing on more impactful initiatives for Adult Smokers and using that leadership to help Adult Smokers switch to Smoke-Free Products.

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.

They also have a significant impact on how adult consumers, business partners, stakeholders, and regulators view us and treat us and our products. Their role in encouraging rapid positive change is key, and responsible marketing practices allow us to lead by example.

Concerns that our products, marketing, and sales could discourage cessation, encourage initiation, or particularly appeal to Underage can undermine our credibility, harm our reputation, and even trigger adverse regulation, threatening our ability to engage with Adult Consumers about the benefits of Smoke-Free Products or jeopardizing product categories. How we market and sell Combusted Tobacco Products can either enhance or undermine our 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, consumer engagement, and sales. By honoring these principles and practices, we safeguard the Company's reputation, preserve important channels for us to engage with Adult Consumers, and enable our business success.

WHO MUST FOLLOW THESE PRINCIPLES & PRACTICES

All PMI employees directly involved in developing or deploying Adult Consumer-focused products, packaging, Marketing, consumer engagement, and Sales initiatives for Combusted Tobacco Products must follow this Code and the Implementation Guidelines that accompany it.

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



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DEFINITIONS

Accessories

Items PMI intends to be used with PMI Products – for example, in the case of Combusted Tobacco Products, a cigarette lighter or an ashtray.

Advertising

Any Branded commercial communication by which We promote a PMI CTP to Adult Smokers, regardless of the medium.

Adult

A person who is of legal age to purchase tobacco products or, where no such age is defined in applicable law, is at least 18 years old.

Adult Consumer

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

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

An Adult Consumer who exclusively or predominantly uses SFP.

Adult Smoker

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

Affiliate

Philip Morris International Inc. and each of its direct and indirect subsidiaries which conduct, or engage third parties to conduct, Marketing.

Brand (or Branding, Branded)

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

Company (or PMI, or We)

Philip Morris International Inc. and its direct and indirect subsidiaries and/or Affiliates.

Consumable Packaging

Packaging, wrapping, bundles, or any other materials in which Combusted Tobacco Products are offered for sale to Adult Smokers. (For clarity, inserts and onserts are not Consumable Packaging for the purposes of this Code, nor are boxes or bags used for delivery purposes to Adult Smokers.)

Combusted Tobacco Product (or CTP)

A manufactured consumable product that combusts tobacco and/or generates smoke inhaled directly by the user when it is used as intended. Combusted tobacco products include, for example, cigarettes, cigarillos, cigars, “Roll Your Own,” “Make Your Own,” and pipe tobacco.

Implementation Guidelines

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

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 Marketing Review Council

A group comprising the President Smoke-Free Products Category & Chief Consumer Officer, President Combustibles Category & Global Combustibles Marketing, Senior Vice President Global Communications, Senior Vice President & General Counsel, and Senior Vice President External Affairs (or their designees) that is responsible for providing input and guidance to Affiliate Deployment Review Groups and deciding on questions, issues, or exceptions requested by Affiliates.

PMI Product

A Combusted Tobacco Product, Smoke-Free Consumable, or Smoke-Free Device made or sold by or on behalf of PMI.

Premium

A value-added offer, service, or other reward sold or otherwise provided to an Adult Smoker, including loyalty recognitions provided, for example, as part of loyalty program, that is not a Combusted Tobacco Product or Accessory.

Sales

The commercial initiatives by which We provide PMI Products to Adult Consumers in exchange for monetary value or other consideration, as a result of which an Adult Consumer has access to a PMI Product.

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 and Devices – when one is needed.

Trade Partner

A retail outlet, legal-age meeting point (LAMP), or other business or individual that sells Combusted Tobacco Products directly to Adult Smokers.

Underage

A person who is younger than an Adult.



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PMI MANDATORY PRACTICES

1. Products and packaging.

- 1.1 *Product and packaging development and design.* PMI Combusted Tobacco Product Branding and Consumable Packaging features and attributes must clearly reflect our intention that they are for Adult Smokers and not for non-smokers. They must not have particular appeal to Underage.
- 1.2 *Product branding.* Branding is used on Consumable Packaging in order to help Adult Smokers learn about, understand, select, and find the PMI Combusted Tobacco Product they prefer. Branding must be designed and intended for Adult Smokers and must not have particular appeal to Underage.
- 1.3 *Consumable Packaging.* Standard brand presentation (i.e., brand name, trademark and/or logo) must predominate in all Consumable Packaging designs. Visuals that have been used in Advertising must not be used on Consumable Packaging. Any text placed on the external part of such packaging must be factual, brand-related and/or product specific.
- 1.4 *Accessories and Premiums.* Accessories and Premiums must be for Adult Smokers and must not have particular appeal to Underage.

Accessories. Combusted Tobacco Product Branding may be used on or in Accessories, such as cigarette lighters or ashtrays.

Premiums. Combusted Tobacco Product Branding may not be used on Premiums (including value-added offers or rewards).

2. Marketing.

- 2.1 *Marketing content.* Marketing content must reflect our intended focus on Adult Smokers. Detailed requirements are contained in PMI 04-C G1 *Marketing and Sales of Combusted Tobacco Products*. Marketing must not make express or implied health claims about PMI Combusted Tobacco Products. 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 for our CTP or CTP Brands to be embedded into the content of films, theatrical productions, radio, television or entertainment programs, video games, or any other program intended for or disseminated to the general public.
- 2.3 *No use of social media.* PMI does not use social media for Marketing, Advertising, or any other promotional communications related to Combusted Tobacco Products. In other words, you must not use social media to advertise or promote PMI Combusted Tobacco Products, events, or promotional activities, or engage with Adult Smokers. This applies to all Marketing, consumer or trade engagement, campaigns, or activities, whether they are Branded or not. You must not create and deploy any Marketing or promotional content for the purpose of generating or prompting social media posts about PMI Combusted Tobacco Products. The same rule applies to third parties contracted by or acting on behalf of PMI, including agencies, sales experts, promotional, front line and event staff.
- 2.4 *Location and execution of Marketing.* Marketing and Sales materials must be placed where they are likely to reach Adult Smokers and not in places or channels frequented primarily by Underage.



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Advertising and Marketing materials may only be placed in media channels (including digital channels), venues, events, or locations that are not directed to Underage and whose audience is reasonably estimated to be at least 75% Adults. For details on location and execution of Advertising and Marketing, including digital channels, observe PMI 04-CG1 *Marketing and Sales of Combusted Tobacco Products* and PMI 04-CG6a *Guidelines for the Use of Flavors and Product Features in Combusted Tobacco Products*.

- 2.5 *Trade communications.* All written promotional communications intended for Trade Partners must clearly state “For Trade Only. Not for Distribution to Consumers.” Marketing in communications to the trade must have health warnings in accordance with 04-CG1 *Guidelines for Marketing and Sales of Combusted Tobacco Products*.

3. Engagement.

- 3.1 *General.* We (and third parties We contract) engage directly with Adult Smokers about Combusted Tobacco Products in a variety of ways, including in person; via a range of technologies including direct mail, consumer websites or apps, e-mail, and text messages; and through online and offline Sales channels; through Consumable Packaging, inserts and pack scanning technologies; websites and events, among others.

All Company direct communications and engagement with Adult Smokers about Combusted Tobacco Products must follow the practices contained in PMI 04-CG1 *Marketing and Sales of Combusted Tobacco Products*, PMI 04-CG3 *Omnichannel Youth Access Prevention*, and PMI 04-CG6a *Guidelines for the Use of Flavors and Product Features in Combusted Tobacco Products*.

- 3.2 *Supporting better choices.* You may only engage about Combusted Tobacco Products with Adult Smokers. Do not engage with Adult Consumers of Smoke-Free Products about Combusted Tobacco Products.
- 3.3 *Third parties.* PMI contractors who engage directly with Adult Smokers must be of legal age to purchase PMI Combusted Tobacco Products and at least 21 years old and shall be required by contract not to post about PMI Products or related events on social or other digital media.
- 3.4 *Transparency.* PMI employees or third parties contracted by PMI who engage directly with Adult Smokers, including in the context of 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.* PMI Combusted Tobacco Products, Accessories, and Premiums may only be sold and delivered directly only to age-verified Adult Smokers. For more details on those measures, follow PMI 04-CG3 *Omnichannel Youth Access Prevention*.
- 4.2 *Product samples.* Subject to applicable laws, PMI Combusted Tobacco Products may be offered free in limited quantities (typically no more than one pack) to age-verified Adult Smokers as part of product trial.
- 4.3 *Switch-selling.* Subject to applicable laws, PMI may offer to an Adult Smoker to switch or swap a PMI Combusted Tobacco Product for a competitive Combusted Tobacco Product they have already purchased.
- 4.4 *Not for Adult Consumers of Smoke-Free Products.* Combusted Tobacco Products may not be offered as samples, swapped, or switch-sold to an Adult Consumer of Smoke-Free Products.



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5. Risk and product communication.

- 5.1 *Health warnings.* All Consumable Packaging and Marketing for Combusted Tobacco Products must have health warnings. If the law does not require or specify health warning content and appearance, observe PMI 04-CG1 *Marketing and Sales of Combusted Tobacco Products*.
- 5.2 *Substantiation.* All statements in Marketing, on Consumable Packaging, and in engagements with Adult Smokers and Trade Partners must be accurate and not misleading, including about the health risks of smoking. All product-related claims must be adequately substantiated.
- 5.3 *Bridging communication.* When communicating with Adult Smokers about PMI Smoke-Free Products through inserts in PMI Combusted Tobacco Products, consumer websites, communication for Trade Partners or otherwise, use statements and messages approved by PMI Substantiation Task Force in accordance with PMI 04-CG5 *Guidelines for Consumer Messages on Smoke-Free Products*. Any local adaptations must remain accurate and not misleading and true to the essence of the original statements approved by PMI Substantiation Task Force.
- 5.4 *No reduced-risk communication.* You must not claim or suggest that any Combusted Tobacco Product is less hazardous or reduces risk compared to any other Combusted Tobacco Product.
- 5.5 *Tar, Nicotine and/or CO disclaimer.* If there is a legal requirement to print tar, nicotine or CO yields on Consumable Packaging or Marketing, you may voluntarily print tar, nicotine and/or CO yield numbers on Marketing and on Consumable Packaging in addition to those required by law, as long as you also print the following statement in a clearly legible typeface and size: “*The amount of [tar, nicotine and/or CO] you inhale will vary depending on how you smoke the cigarette.*”

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 Combusted Tobacco Products 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 the 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) 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., Underage 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 Underage purchase of Combusted Tobacco Products and providing them assistance, training, tools, and/or incentives to support actions and behavior directed at that.

7. Governance: Pre-deployment review.

- 7.1 *Governance process.* Each PMI Affiliate must have in place a Deployment Review Group (“DRG”) that provides a robust process for reviewing and approving - new product, packaging, consumer facing programs, campaigns, or initiatives before they are deployed. The DRG must include the Affiliate heads (or their designees) of Combustible Category, Smoke-Free Category (Consumer Experience and Marketing and Digital), Commercial Operations, Law, and External Affairs functions (or the Affiliate equivalents of those functions). Under certain circumstances, it might be advisable to involve other functions in DRG discussions, such as Communications. 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 and External Affairs functions (or the Affiliate equivalent of those functions).
- 7.2 If an Affiliate proposes to deploy a program, campaign, or initiative, said Affiliate is responsible for assessing
 - that the proposal responds to Adult Smokers’ needs and makes sound commercial sense;



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- its conformity with relevant laws;
- its consistency with this Code and Guidelines, and in particular the risk that it could be perceived as focusing on non-smokers, encouraging initiation, discouraging cessation, or particularly appealing to Underage, and ways to resolve or mitigate those concerns; and
- the risks the proposal may present to PMI's smoke free mission, corporate reputation, and interactions with key stakeholders.

Empirical data help inform decisions but are not always available. You can also rely upon input and assessments from the PMI Marketing Review Council or its designees; experience from other countries that deployed the initiative; market observation and analysis; input from colleagues in Legal, External Affairs, and Global Communications; and your best judgment.

7.3 Making decisions.

New Combusted Tobacco Products. A new Combusted Tobacco Product or product feature should be deployed only if (1) it meets (or is designed to meet) a significant Adult Smoker need or preference, based on consumer insights or market observation; and (2) data, analysis, market factors (for example, if Smoke-Free Products are available or banned), and/or planned actions provide a good faith basis that deployment would not encourage Adult Consumers of Smoke-Free Products to revert to Combusted Tobacco Products or undermine PMI's regulatory strategies.

Opportunities to bridge to Smoke-Free Products. We should do our utmost to encourage Adult Smokers to fully switch to Smoke-Free Products where they are available while avoiding or mitigating risks that those initiatives could create a misperception that we intend to discourage cessation, encourage initiation, or appeal to Underage. Therefore, for launches of new Combusted Tobacco Products you should consider appropriate ways of raising awareness of, and informing Adult Smokers about, PMI Smoke-Free and the benefits of switching versus continued smoking.

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

7.5 *Escalation, clarification, or exceptions.* Questions, clarifications, or requests for interpretation of this Code may be referred to the PMI Marketing Review Council or its designees. Any exceptions to PMI 04-C must be submitted in writing to PMI Marketing Review Council and approved by PMI Marketing Review Council.

8. Training.

- 8.1 All PMI employees directly involved in developing or deploying Adult Consumer-focused product, packaging, Advertising, Marketing, consumer engagement, and Sales initiatives for Combusted Tobacco Products must receive training on this Code and related Implementation Guidelines.
- 8.2 Third parties that are contracted by PMI to develop or deploy packaging, Advertising, Marketing, engagement, and Sales initiatives for Combusted Tobacco Products (including agencies, brand ambassadors and other promotional staff, sales experts, call center agents, frontline staff, event staff) must be trained on the parts of the Code and related Implementation Guidelines that are relevant to their activities.
- 8.3 The Affiliate Heads, the Regional functional heads responsible for Combusted Tobacco Products, and the President Combustibles Category & Global Combustibles Marketing or his/her delegates are accountable for implementing these trainings for all employees in, and third parties contracted by, their respective organizations. Trainings must be repeated at least every two years.



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9. Implementation and certification.

- 9.1 On an annual basis, each Affiliate DRG must perform a self-assessment (the scope of which is defined by the Marketing Review Council and its designees) to determine if the practices required in this Code and its associated Guidelines are implemented across all relevant channels and operating adequately and trainings required by Section 8 were conducted. In the event of any discrepancies, the Affiliate must ensure that they are investigated and adequately resolved.

Members of the DRG and the Head of the Affiliate must ensure that the proposals approved by the DRG, as executed, complied with the Code and Implementation Guidelines or, where discrepancies are noted, that they were investigated, resolved, and/or rectified, as applicable.

Results and actions resulting from the self-assessment must be documented and shared with the relevant Regional Vice President and, in broadlines with the Marketing Review Council.

- 9.2 Each Regional Vice President Combustible Category, or his/her designee, must report on an annual basis to the President Combustibles Category & Global Combustibles Marketing a summary and a conclusion on the results of the self-assessment activities performed by the markets in their region.
- 9.3 In addition to Affiliate and Regional reporting and certification, the President Combustibles Category & Global Combustibles Marketing or his/her delegates will consider Adult Consumer, stakeholder, and media reaction to Affiliate Marketing and Sales initiatives when they are deployed. If PMI has reason to believe activities are inconsistent with this Code or undermine PMI's reputation, the President Combustibles Category & Global Combustibles Marketing or his/her delegates will investigate and act in conjunction with the relevant 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, meet standards of decency, and be acceptable within the culture and norms reasonably recognized in the country where they will be implemented. 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. Significant deviations from this Code that are required under the applicable laws should be submitted to the Marketing Review Council and its designees.

11. Exception Handling.

Requests for exceptions to *PMI 04-C Design, Marketing & Sale of Combusted Tobacco Products*, must be submitted in writing for approval by PMI Marketing Review Council.

12. Ask Questions and Give Feedback

If you have any questions regarding the content or the interpretation of *PMI 04-C Design, Marketing & Sale of Combusted Tobacco Products*, please contact your Affiliate/Regional functional heads responsible for Combusted Tobacco Products or follow section 7.5 of this Code.

IMPLEMENTATION GUIDELINES, FORMS, AND ATTACHMENTS

PMI 04-CG1 *Marketing and Sales of Combusted Tobacco Products*

PMI 04-CG3 *Omnichannel Youth Access Prevention*

PMI 04-CG6a *Guidelines for the Use of Flavors and Product Features in Combusted Tobacco Products*

PMI 04-CG8 *Social Media*