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# PMI 04A-C

## DESIGN, MARKETING, AND SALE OF SMOKE-FREE PRODUCTS

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**Effective:** 02 April 2025

**Next review:** 02 April 2027

**Owner:** President Smoke-Free Products Category & Chief Consumer Officer, PMI

**Approved by:** Chief Executive Officer, PMI

### KEY POINTS TO REMEMBER

- The Code for Design, Marketing & Sale of Smoke-Free 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 Smoke-Free Products. A separate code governs Combusted Tobacco Products.
- Hundreds of millions of Adult Smokers who would otherwise continue to smoke are looking for better alternatives to cigarettes. We are meeting those expectations and intend to replace Combusted Tobacco Products with better alternatives based on science in order to realize our vision of a smoke-free future as quickly as possible. Although the pace at which that is achieved depends heavily on whether governments, NGOs, and the scientific and public health communities accelerate change, our marketing practices should allow us to lead by example.
- PMI's Smoke-Free Products, and marketing, consumer engagement, and sales activities are solely for Adults who would otherwise smoke or use other nicotine containing consumer products, and we conduct them accordingly.
- We do not discourage or interfere with cessation.
- We do not market to anyone Underage and do not want them to use any tobacco or nicotine containing consumer products.
- We do not encourage people who do not already smoke or use other nicotine-containing consumer products to start using Smoke-Free Products. If Adults approach us with a query on Smoke-Free Products, we warn them about the known health effects of our Smoke-Free Products and provide, to the extent permitted by law, balanced and substantiated information about our Smoke-Free Products so that they can decide if there is a Smoke-Free Product that is acceptable to them.
- The Code for Design, Marketing & Sale of Smoke-Free Products helps ensure we market our Smoke-Free 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 it also helps to ensure our products and activities build our brands responsibly.



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### PRINCIPLES

**We are delivering a smoke-free world.** Our mission is to design, substantiate, market, and sell Smoke-Free Products that are much better options for Adult Consumers who would otherwise smoke or use other nicotine products.

**Our Smoke-Free Products are solely for Adult Consumers.** PMI Products are only for Adults who would otherwise smoke or use other nicotine-containing consumer products. We do not encourage people to start smoking or using Smoke-Free Products. If Adults approach us with a query on Smoke-Free Products, we warn them about the known health effects of our Smoke-Free Products and provide, to the extent permitted by law, balanced and substantiated information about our Smoke-Free Products so that they can decide if there is a Smoke-Free Product that is acceptable to them.

**We do not discourage people from quitting tobacco and other nicotine products altogether, nor do we interfere with their attempts to quit such products.**

**We do not develop products or market them in ways that are particularly appealing to anyone Underage.**

**We warn consumers about the health effects of PMI Products.** Smoke-Free Products are not risk-free, contain nicotine, and are addictive. All Advertising and Consumable Packaging for Smoke-Free Products must have health warnings, even if the law does not require them.

**We communicate about PMI Products to enable Adult Consumers to make choices.** We communicate about our Smoke-Free Products and brands so that Adult Consumers can find and select the products they prefer, and provide balanced, substantiated information about the risks and benefits of using PMI's Smoke-Free Products. It is particularly important for Adult Consumers to understand why fully switching to Smoke-Free Products is a better choice than continuing to smoke.

**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.

### 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 Smoke-Free 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, 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 Smoke-Free 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 or accompanying PMI Product – for example, in the case of Smoke-Free Products, a cover designed for a Device or a refillable case for nicotine pouches.

#### Advertising

Any Branded commercial communication by which We promote SFP to Adult Consumers, regardless of the medium.

#### Adult

A person who is of legal age to purchase tobacco or nicotine 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 (Branding, Branded)

Containing a name, trademark, logo, or other element that could easily identify a brand of an SFP 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.

#### 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.

#### Consumable Packaging

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

#### Content Creators

Adult Consumers aged 35 years and above posting on topics relevant to Smoke-Free Products paid or receiving something of value in exchange for publishing SFP-related content or content relevant to the SFP context.

#### Device Packaging

Packaging, wrapping, or any other materials in which Devices are offered for sale to Adult Consumers. (For clarity, inserts and leaflets inside Device Packaging, as well as boxes and bags used for delivery of Devices to Adult Consumers are not Device Packaging.)

#### 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 Consumer, including recognitions provided, for example, as part of loyalty program, that is not an SFP or Accessory.

#### Sales

The commercial initiatives by which We provide PMI Products to Adult Consumers in exchange for monetary value or other consideration, including activities such as sale-for-purchase, renting, leasing, lending, or loaning, as a result of which an Adult Consumer has access to a PMI Product.

#### Smoke-Free Consumable (or Consumable)

Manufactured consumable to be used with a Device or as a stand-alone product (whether made from tobacco or not), that contains nicotine. Consumables include, among others, heated tobacco, liquids for e-vapor, disposable e-vapor, nicotine pouches, and snus. Consumable variants that do not contain any nicotine but are part of a lineup of consumables or a brand that otherwise do, fall within the Consumable definition.

#### Smoke-Free Device (or Device)

The device to be used with a Consumable to generate a nicotine-containing aerosol from the Consumable without combustion.

#### 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 SFP directly to Adult Consumers.

#### 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.* The features and attributes of Consumables, Devices, and their consumer packaging must clearly reflect our intention that they are for Adult Consumers and they must not have particular appeal to Underage.
- 1.2 *Product branding.* Branding is used on the consumer packaging of Consumables and Devices in order to help Adult Consumers learn about, understand, select, and find the SFP they prefer. Branding must be designed and intended for Adult Consumers and must not have particular appeal to Underage. Branding must not present SFP as risk-free, an alternative to quitting tobacco and nicotine use altogether, or a smoking cessation therapy.
- 1.3 *Consumable and Device Packaging.* Standard brand presentation (*i.e.*, brand name, trademark and/or logo) must predominate in all designs for Consumable and Device Packaging. Visuals that have been used in Advertising must not be used on such packaging. Any text placed on the external part of such packaging must be factual, brand-related and/or product specific.
- 1.4 *Devices.* Brands of Combusted Tobacco Products or tobacco-containing Consumables must not be used on Devices (but, subject to relevant laws, may be used on or in Device Packaging or consumer materials).
- 1.5 *Accessories and Premiums.* Accessories and Premiums must be for Adult Consumers and must not have particular appeal to Underage.

*Accessories.* Consumable Branding may be used on or in Accessories used with those products, such as Consumable disposal units. If the Accessory is not used exclusively with SFPs, the Branding must not be visible to others when the Accessory is used.

*Premiums.* Consumable Branding may not be used on Premiums, if it is visible when said Premiums are worn or used as intended.

#### 2. Marketing.

- 2.1 *Marketing content.* Advertising content must reflect our intended focus on Adult Consumers. Detailed requirements are contained in PMI 04-CG2 *Marketing and Sale of Smoke-Free Products*.

Marketing must not present SFP as risk-free, an alternative to quitting, or a smoking cessation therapy.

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 SFP or SFP Brands to be embedded into the content of films, theatrical productions, radio, television or entertainment programs, video games, or any other program that is intended for or disseminated to the general public.
- 2.3 *Social media Content Creators.* Using any individual (including Content Creators) and paying or giving them anything of value in exchange for publishing product-related endorsements for SFP in their social media is prohibited unless expressly authorized by PMI Marketing Review Council or its designee(s). Any such authorization is subject to strict conditions and controls intended to limit the risks of reaching unintended audiences, particularly Underage.
- 2.4 *Location and execution of Marketing.* Marketing and Sales materials must be placed where they are likely to reach Adult Consumers and not in places or channels frequented primarily by Underage.

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-CG2 *Marketing and Sale of Smoke-Free Products* and PMI 04-CG4 *Digital Communications for SFP with Consumers*.



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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 PMI 04-CG7 *Duty to Inform for SFP*.

### 3. Engagement.

3.1 *General.* We (and third parties we contract) engage with Adult Consumers about SFP in a variety of ways, including directly, using technologies including direct mail, email, SMS, MMS, live chat, and other personalized communications; by means of consumer websites; through online and offline Sales channels; through Consumable Packaging, inserts, and pack scanning technologies; websites and events, among others.

All Company activities involving engagement with Adult Consumers about SFP must follow the applicable practices contained in PMI 04-CG2 *Marketing and Sale of SFP*, PMI 04-CG3 *Omnichannel Youth Access Prevention*, PMI 04-CG4 *Digital Communications for SFP with Consumers*, PMI 04-CG5 *Guidelines for Consumer Messages on SFP*, PMI 04-CG6b *Guidelines for the Use of Flavors and Product Features in SFP*, PMI 04-CG7 *Duty to Inform for SFP* and PMI 04-CG8 *Social Media*.

3.2 *Third parties.* PMI contractors who engage directly with Adult Consumers must be of legal age to purchase PMI 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.

3.3 *Transparency.* PMI employees or third parties contracted by PMI who engage directly with Adult Consumers, 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.* Consumables, Devices, Accessories, and Premiums may only be sold to age-verified Adult Consumers. For more details on those measures, follow PMI 04-CG3 *Omnichannel Youth Access Prevention*.

4.2 *Product samples.* Subject to applicable laws, SFP may be offered free in limited quantities to age-verified Adult Consumers as part of product trial or to assist them in selecting SFP that will enable them to fully switch from Combusted Tobacco Products to SFP.

4.3 *Switch-selling.* Subject to applicable laws, we may offer to an Adult Smoker to switch or swap a Consumable for a Combusted Tobacco Product or competitive SFP Consumable they have already purchased.

### 5. Risk and product communication.

5.1 *Health warnings.* All Consumable Packaging and Marketing for Consumables must have health warnings, and We must provide Adult Consumers with balanced information about risks and benefits of using SFP. Observe PMI 04-CG7 *Duty to Inform for SFP*.

5.2 *Substantiation.* All statements in Marketing, on Consumables Packaging and Device Packaging, and in engagements with Adult Consumers and Trade Partners must be accurate and not misleading.

All product-related claims must be adequately substantiated. Consumer-facing communication should be based on the substantiated product statements approved by PMI Substantiation Task Force in accordance with PMI 04-CG5 *Guidelines for Consumer Messages on SFP*. Any local adaptations must remain accurate and not misleading and true to the essence of the original statements approved by PMI Substantiation Task Force.



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### 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 SFP (such as brand retail store or website operators) 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 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 and e-retailers) 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., youth 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 SFP 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 products, packaging, trade and 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, Legal, and External Affairs functions (or the Affiliate equivalent 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 Legal and External Affairs functions (or the Affiliate equivalent of those functions).

7.2 If you propose deploying a program, campaign, or initiative, you are responsible for assessing

- that the proposal responds to Adult Consumers' needs and makes sound commercial sense;
- 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 individuals who do not use tobacco or nicotine products, encouraging initiation, discouraging cessation, or particularly appealing to Underage, and ways to resolve or mitigate those concerns.

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.* We should do our utmost to encourage Adult Smokers to fully switch to SFP while avoiding or mitigating risks that those initiatives could create a misperception that we intend to discourage cessation, encourage initiation, or appeal to Underage.

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 04A-C must be submitted in writing to PMI Marketing Review Council and approved by the PMI Marketing Review Council.



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### 8. Training.

- 8.1 All PMI employees directly involved in developing or deploying Adult Consumer-focused products, packaging, Advertising, Marketing, engagement, and Sales initiatives for SFP must receive training on this Code and Implementation Guidelines.
- 8.2 Third parties that are contracted by PMI to develop or deploy packaging, Advertising, Marketing, engagement, and Sales initiatives for SFP (including agencies, brand ambassadors and other promotional staff, coaches, sales experts, call center agents, front line 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 SFP and President Smoke- Free Products Category & Chief Consumer Officer or his/her delegates are accountable for implementing these trainings for all employees in, and third parties contracted by, their respective organizations. Training must be repeated at least every two years.

### 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 – and confirm as part of the self-assessment - that the proposals approved by the DRG, as executed, complied with the Code and Mandatory 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 Smoke-Free Products Category, or his/her designee, must report on an annual basis to the President Smoke-Free Products Category & Chief Consumer Officer 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, President Smoke-Free Products Category & Chief Consumer Officer 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, President Smoke-Free Products Category & Chief Consumer Officer or their 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.



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### 11. Exception Handling.

Requests for exceptions to PMI 04A-C *Design, Marketing & Sale of Smoke-Free 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 04A-C *Design, Marketing & Sale of Smoke-Free Products*, please contact your Affiliate/Regional functional heads responsible for SFP or follow section 7.5 of this Code.

## IMPLEMENTATION GUIDELINES, FORMS, AND ATTACHMENTS

PMI 04-CG2 *Marketing and Sale of SFP*

PMI 04-CG3 *Omnichannel Youth Access Prevention*

PMI 04-CG4 *Digital Communications for SFP with Consumers*

PMI 04-CG5 *Consumer Messages on SFP*

PMI 04-CG6b *Guidelines for the Use of Flavors & Product Features in SFP*

PMI 04-CG7 *Duty to Inform for SFP*

PMI 04-CG8 *Social Media*