

# Prevent Underage Use 2023 Progress

## Scope

- Responsible marketing
- Underage access prevention
- Positive youth development

**UN SDG Alignment:**



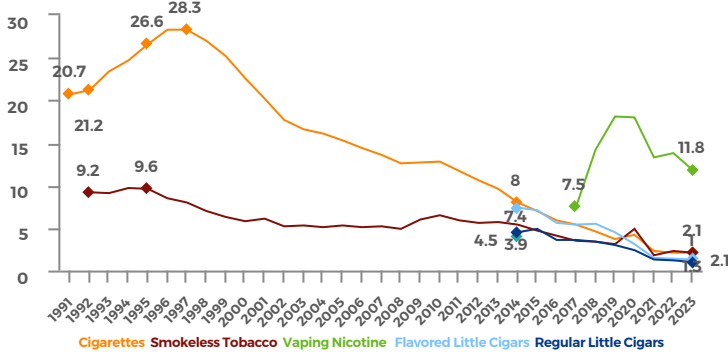
## 2025 Goals

- Lead the industry in preventing underage use of products intended for adults 21 and over.
- Contribute to the healthy development of youth ages 12 – 18.

## Underage tobacco use continues to decline

2023 Monitoring the Future study **estimates the youth smoking rate** to be **2.1%**, a nearly **93% reduction** from its 1997 peak.<sup>1</sup>

### Past 30-Day Tobacco Product Use Among 8th, 10th & 12th Grades Combined

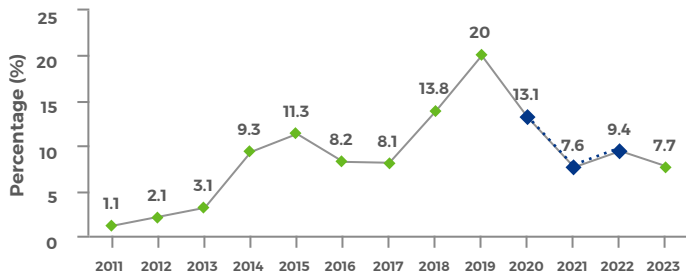


Source: 2023 Combined Tables (monitoringthefuture.org) \* For e-cigarettes, 2017 and prior years are not comparable due to methodological changes.

<sup>1</sup>Vaping nicotine does not include vaping just flavoring or vaping marijuana.

The Centers for Disease Control and Prevention’s 2023 National Youth Tobacco Survey (NYTS) showed **7.7%** of **middle and high schoolers** reported e-vapor use in the past **30 days** as compared to **20%** in **2019**.<sup>2</sup>

### Past 30-Day E-Cigarette Use Among Middle and High School Students Combined



Sources: ALCS analysis of NYTS 2011-2022, and Tobacco Product Use Among U.S. Middle and High School Students — National Youth Tobacco Survey, 2023

Note: Dashed lines from 2020-2022 represent differences in data collections procedure during the COVID-19 pandemic.

<sup>2</sup>Due to differences in data collection procedures, the Centers for Disease Control and Prevention advises that any comparison of the 2021 NYTS estimates to previous NYTS survey years that were primarily conducted on school campuses should be interpreted with caution.

We’re encouraged by the progress we see in the NYTS but remain concerned about the lack of enforcement and irresponsible marketing practices for illicit disposable products and how they are contributing to youth usage.

“In 2023, we celebrated 25 years of commitment to preventing underage use - a critical public health priority. Underage use of conventional tobacco products is at generational lows, down nearly 93% since 1997, representing substantial progress. However, there is more work to be done in addressing underage use of e-vapor products.



In 2024, we remain committed to preventing underage use through our responsible marketing practices, retailing efforts and support of positive youth development programs.”

**Jennifer Hunter** SVP, Corporate Citizenship & Chief Sustainability Officer, Altria Client Services

“We’re encouraged by the advancements we’re making at retail to prevent underage access and we remain committed to making sure retail remains the most trusted place to responsibly sell tobacco products to adult tobacco consumers 21+. Our enhanced digital tools, age validation technology and secret shopper program are a few of the many examples of how we’re combating underage access at retail. We continue to engage broadly with policymakers and regulators to address the illicit e-vapor market and we know many of our retailers and wholesalers remain strongly committed to stopping the spread of illicit disposable e-vapor products.”



**Scott Myers** President & CEO, Altria Group Distribution Company (AGDC)

## Responsible Marketing

We know that to “responsibly lead” as outlined in our Vision means we must limit access to our products and appeal of our companies’ marketing materials to unintended audiences, including youth and adults who don’t use tobacco. This is a key pillar of our underage tobacco prevention framework and imperative to tobacco harm reduction.

We’re led by our Code of Conduct and our **marketing and product communication policies**. **100%** of our companies’ Brand Management departments, key personnel\* and marketing vendors/ advertising agencies received training on our product communication and marketing policies.

\*Key personnel includes 700+ employees who were assigned marketing compliance/legal training based on their role or job.



We validate the third-party Age Verification process, which is designed to screen out persons under the minimum legal age from accessing our companies’ branded tobacco websites.

In 2023, we acquired NJOY and its e-vapor product portfolio, including **NJOY® ACE**. **NJOY ACE** is currently the only pod-based e-vapor product with market authorizations from the U.S. Food and Drug Administration (FDA).

As part of the acquisition, we evaluated **NJOY’s** marketing practices and national survey data related to underage use of tobacco products. According to the 2023 NYTS data, **NJOY** was not among the top brands usually used by middle and high school e-cigarette users.\*

**NJOY** continues to take a responsible approach to marketing its products including the submission of a pre-market tobacco application for its age-restricted Bluetooth device to FDA in May 2024.

\*Source data from NYTS 2023

## Underage Access Prevention

In 2023, we continued providing support for innovative technology solutions at retail to prevent underage access to tobacco products. We focused on increased adoption of point-of-sale **age validation technology (AVT)** including stores that do not have a Philip Morris USA (PM USA) Retail Leaders Agreement. We have **exceeded our initial goal of 65,000 stores**, with **approximately 143,000** stores having adopted AVT to date.

### Retail stores with AVT have higher average FDA Compliance Rates than stores without AVT\*



\*FDA CTP Violation Report from 10/2022 - 9/2023 as of 12/31/23. Average FDA Compliance is All FDA Data. AGDC store and FDA databases matched using certain elements of a store's address and Melissa Address Keys. AVT/Non-AVT store data only includes matched stores.

### Responsible Retailing Incentive Program, encouraging retailer adoption of AVT:

	2021	2022	2023
<b># of Retail Stores Participating with Validated Adoption</b>	~104,000	~137,000	~143,000
<b>Product Volume Represented</b>	62% of PM USA volume	80% of PM USA volume	82% of PM USA volume

Many retailers, especially regional and national chains, have **custom training systems** designed to train retail employees **to prevent underage access**. For those that don't, we offer free *We Card*™ training through AGDC's online retailer portal.

## Policy Advocacy & Regulatory Engagement

We continued to advocate for state-level Tobacco 21 laws to align with federal law.

<b>Move to 21</b>	2021	2022	2023
<b># of States Enacted</b>	39 states + D.C. (+6 states from 2020)	41 states + D.C.	42 states + D.C.
<b>% of U.S. Population</b>	84%	87%	89%

We advocated to federal and state policymakers and regulators to bring enforcement actions against illicit manufacturers of e-vapor products. Latest NYTS data indicates three of the top five e-vapor brands most commonly reported for any use by youth are illicit disposable products.

We engaged directly with the FDA Center for Tobacco Products on the development of its five-year strategic plan by participating in a public meeting and submitting written comments. Our comments emphasized the importance of advancing tobacco harm reduction and creating a well-regulated marketplace that includes strong underage prevention efforts and timely enforcement against non-compliant manufacturers.

*This report is a summary of our progress with respect to our underage use prevention goals and objectives and is not exhaustive of all information on this topic. Some statements may be forward-looking or aspirational in nature, and these statements may involve risks or uncertainties. Such statements are indicated by use of terms such as "expect," "anticipate" and "believe" and may relate to "goals," "objectives" or "targets." These statements speak only as of the date of this report, and we assume no obligations to provide any revisions to, or update, any forward-looking statements contained in or implied by this report. All third-party trademarks remain the property of their respective owners.*

**93%** of the **retailers** supported by AGDC (over **197,000** stores) are **required to display** *We Card*™ or equivalent signage. In addition, these retailers display underage access prevention signage that reminds adults not to buy tobacco products for underage persons.

**~100%** of contracted stores that were surveyed have *We Card*™, *We Scan IDs* or equivalent signs placed at **point of entry** and **~96%** have underage access prevention signs placed in another **prominent location**.



Note: Based on a 2023 survey of a sample of 300,000+ AGDC retail visits.

We continued to engage our retailers on the importance of underage access prevention and created a toolkit to support retailer best practices and FDA compliance education. The toolkit included education materials on important steps for retailers to take to remain compliant with FDA requirements and featured a Mystery Shop (secret shopper) offer and free clerk training via a partnership with *We Card*™ and The BARS® Program.



Altria funded *We Card*™ training for **4,848** retail employees in 2023.

## Positive Youth Development

We continued to invest in impactful evidence-based positive youth development, prevention and cessation programs. Positive youth development theory posits that emphasizing protective factors in kids' lives – such as positive relationships and activities – and reducing risk factors, helps kids make healthy decisions and resist a broad range of risky behaviors, including tobacco use.

## Success360

We invested approximately **\$25.4M** in Success360° youth-serving organizations that collectively reach more than **21.3M kids**. Success360° programs include mentoring, adolescent substance abuse prevention and tobacco cessation programs.

We supported prevention and cessation programs in **20 states** through LifeSkills Training, Caron Treatment Centers and 4-H Health Rocks!

