

Preventing Underage Use 2020 - Q2 2021 Performance Snapshot

Altria's Responsibility Focus Areas

ENVIRONMENTAL

Protect the Environment

Drive Responsibility Through Our Value Chain

Reduce Harm of Tobacco Products

SOCIAL

Prevent Underage Use

GOVERNANCE

Support Our People & Communities

Engage & Lead Responsibly

“ Youth smoking rates are at historic and generational lows. And we have some promising early data that suggests raising the legal age of purchase to 21 in the U.S., which we actively supported, is helping to drive down underage e-vapor use. We remain committed to playing our role in the important work of preventing underage use.”

Billy Gifford
Chief Executive Officer



Positive Youth Development

2025 Goal: Contribute to the healthy development of youth ages 12 - 18

\$25.8 million

invested in Success360° programs - More than 50% of total budgeted corporate contributions

More than **17 million**

kids reached by Success360° partners nationwide

Success360°

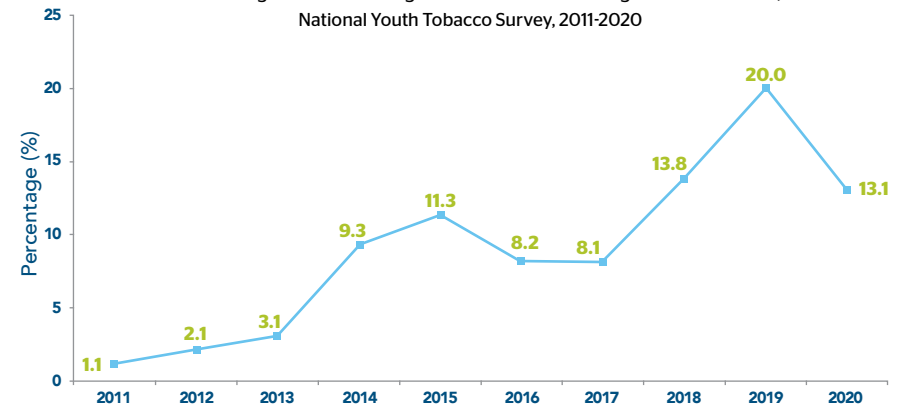
Success 360° partners' prevention programming in **20 states**

After an alarming rise in youth vaping rates in 2018 and 2019, we see early signs that this trend may be reversing - according to the 2020 National Youth Tobacco Survey, **13.1% of middle and high schoolers reported past 30-day e-vapor use, a decline from the 2019 peak of 20%.**

While we recognize the progress, we understand the importance of tobacco manufacturers, regulators and policymakers staying vigilant and acting collaboratively to prevent youth use of products intended for adults 21+.

Youth vaping rates declined in 2020 from 2019 peak

Current E-Cigarette Use Among Combined Middle and High School Students, National Youth Tobacco Survey, 2011-2020



Sources: ALCS analysis of NYTS 2011-2020.

Note: In 2014 and 2015, modifications were made to the e-cigarette measure to enhance its accuracy, which may limit the comparability of these estimates to those collected in previous years. In 2019, modifications were made to the survey, as well as the e-cigarette measure through inclusion of a brand example (JUUL); authors caution against comparisons to prior years.

Responsible Marketing

2025 Goal: Lead the industry in preventing underage use of products intended for adults 21+.

100%

of our Brand employees and key business partners were trained on marketing guidelines and policies, against target of 100% in 2020.

0

Master Settlement Agreement enforcement actions in 2020 for Philip Morris USA, against target of zero.

100%

effectiveness rate in 2020 quarterly audits for screening out persons under the minimum age on our brand websites.



In the absence of FDA-issued marketing regulations, we believe Helix's marketing approach with on! leads the oral nicotine pouch category.


Underage Access Prevention

2025 Goal: Lead the industry in preventing underage use of products intended for adults 21+.

Responsible Retailing Incentive Program, encouraging adoption of age-validation technology:

| | 2020: | First Half 2021 Progress |
|----------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| # of Retail Stores Participating with Validated Adoption | ~65,000 | ~75,000 |
| Product Volume Represented | 47% of PM USA Volume 58% of E-Vapor Volume | 51% of PM USA Volume 62% of E-Vapor Volume |

600,000+



pieces of We Card™ & Underage Social Access Prevention POS shipped.

91% of contractually obligated stores were verified to have the **required signage** posted and **85%** also had posted Altria-provided **social access prevention signage**[†]

[†]Based on a sample of approximately 35,000 stores from September 27, 2020 to December 28, 2020.

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, Altria offers free *We Card*™ training through Altria Group Distribution Company's online retailer portal.



4,921 Altria-funded retail employee trainings through *We Card*™

Tobacco 21 Laws

States that have enacted legislation to increase the legal age of purchase ("LAOP") to 21 years of age

| | 2020: | First Half 2021 Progress |
|----------------------|-------------------------------|------------------------------|
| # of States Enacted | 33 states + D.C. (+14 states) | 39 states + D.C. (+6 states) |
| % of U.S. Population | 73% | 84% |

Move to 21

kits sent to over **130,000** retailers in 2020

"No Tobacco Sale Order" Penalties

In alignment with the FDA penalization process, if a store receives a third No Tobacco Sale Order, PM USA, JMC, USSTC or Helix may terminate the retailer's contract.

| NTSO | 1st | 2nd | 3rd |
|--------------------|---------------------------------------------|----------------------------------------------|-----------------------------|
| Penalty | Suspend Merchandising Payment for 1 Quarter | Suspend Merchandising Payment for 2 Quarters | Retail Contract Termination |
| No. Issued in 2020 | 14 | 1 | 0 |

As part of our ongoing efforts to market IQOS* responsibly, we use retail mystery shopper audits to remediate any gaps in execution and retrain IQOS Experts



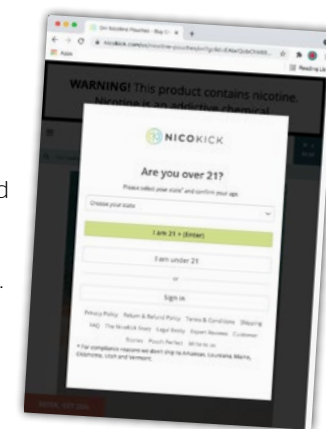
95+% pass rates for IQOS retail mystery shopper audits for qualifying tobacco status and age validation**

100% of IQOS-owned retail locations met *We Card*™ requirements



100% of third-party IQOS employees ("IQOS Experts") received training for Good Conversion Principles including age/tobacco status qualifications

In addition to the age-verification process, branded e-commerce sites comply with all laws involving the sale and delivery of tobacco.



*IQOS Devices and HeatSticks® are currently unavailable for sale in the United States.

**Based on last comprehensive update Q1 2021