

Prevent Underage Use 2022 Progress

Scope

- Responsible marketing
- Underage access prevention
- Positive youth development

UN SDG Alignment:

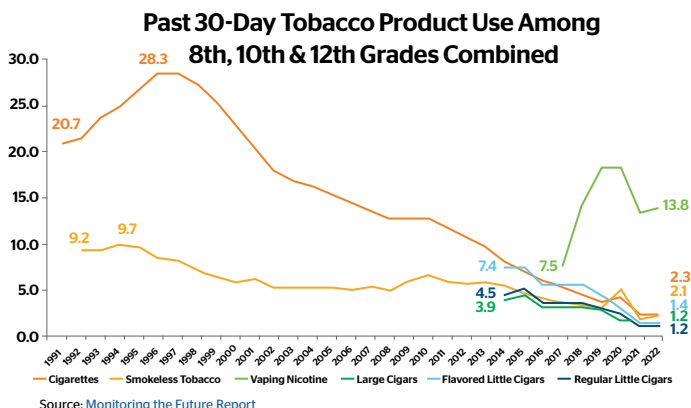


2025 Goals

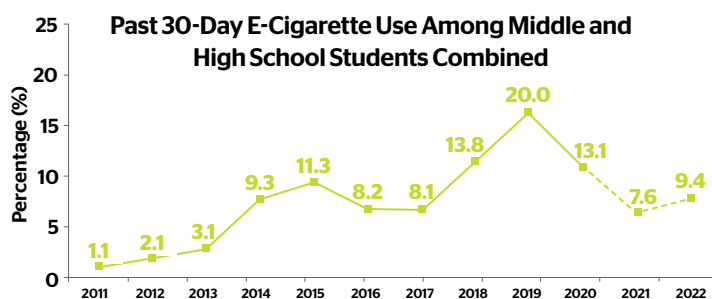
- Lead the industry in preventing underage use of products intended for adults 21 and over.
- Contribute to the healthy development of youth ages 12 – 18.

Underage tobacco use continues to decline

2022 Monitoring the Future study **estimates youth smoking rates to be 2.1%**, a nearly **93% reduction** from its 1997 peak.¹



The Centers for Disease Control and Prevention's 2022 National Youth Tobacco Survey ("NYTS") showed **9.4% of middle and high schoolers** reported e-vapor use in the past **30 days** as compared to **20% in 2019**.²



We are **encouraged by the progress and proud of our contributions** to help support these outcomes – highlights of which are included in this snapshot.

¹Vaping nicotine does not include vaping just flavoring or vaping marijuana.

² 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.

“April 2023 marks 25 years of our commitment to preventing underage tobacco use. When we established our Youth Smoking Prevention department in 1998, youth smoking rates were 28.3%. Today, underage tobacco use is at the lowest levels in a generation. We remain committed to preventing underage use, and there is still more work to be done. Helping address critical business issues requires a variety of solutions and cross-functional collaboration. The incredible teams across our companies are continuing to invest in impactful evidence-based prevention programs and providing support for innovative technology solutions at retail. Our aim is for retail to be the most trusted place to responsibly sell tobacco products and hold ourselves to leading the industry in operating responsibly. Preventing underage use requires partnership from all stakeholders which includes effective, comprehensive federal regulation including exercising appropriate enforcement actions for manufacturers that fail to comply with regulations. In 2023, we will continue to advocate for these changes to FDA and key stakeholders to maintain the momentum on declining rates of youth tobacco use. I am proud of the progress we have made and the 25 years we have spent championing this business-critical work. I look forward to deepening our connection with our prevention partners and broadening our reach with responsible retail practices in the year ahead.”



Jennifer Hunter
Senior Vice President
Corporate Citizenship
Chief Sustainability Officer
Altria Client Services (ALCS)

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.

100% effectiveness in **quarterly third-party audits** that test electronic age-verification process to screen out persons under the minimum age from accessing our companies’ branded tobacco websites.

We are led by our Code of Conduct and our **marketing and product communication policies**.

100% of our Brand Management department, key personnel and marketing vendors/advertising agencies **received training** on our product communication and marketing policies.



In 2022, Altria Group Distribution Company (AGDC) launched a new **digital trade program** to enhance our companies’ ongoing **commitment to responsible retailing**. This program has multiple participation options for retailers including incentives for retailers to include age and identity verification solutions in their digital platforms. Once an adult tobacco consumer 21+ is verified, retailers can provide offers and messaging from our brands within the retailer’s app.

Underage Access Prevention

In 2022, 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 **more than 137,000 stores** having implemented AVT to date.

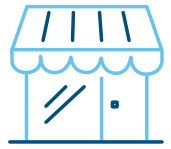
Responsible Retailing Incentive Program, encouraging retailer adoption of age validation technology:

| | 2021 | 2022 |
|--|----------------------|----------------------|
| # of Retail Stores Participating with Validated Adoption | ~104,000 | ~137,000 |
| Product Volume Represented | 62% of PM USA volume | 80% 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, Altria offers free *We Card*™ training through AGDC's online retailer portal.

93% of the **retailers** supported by our field sales force (over **197,000** stores) are **contractually obligated to display** *We Card*™ or equivalent signage that reminds adults not to buy tobacco products for underage persons.

98% of contracted stores have *We Card*™, *We Scan IDs* or equivalent signs placed at **point of entry**, and **95%** have underage prevention signs placed in another **prominent location**.



Note: Based on a 2022 quarterly survey methodology of a sample of retail stores.



Altria funded *We Card*™ training for **10,484** retail employees in 2022.

+44%
from 2021

Policy Advocacy and Regulatory Engagement

Our Altria Client Services Government Affairs and Regulatory Affairs departments actively engage with regulators and public policy makers to advocate increasing the legal age to purchase tobacco products to 21 to align with federal law. In 2022, we continued to **support Tobacco 21 laws**, which have been enacted at the federal level and in **41 states** and the **District of Columbia** – representing **87% of the U.S. population**.

| Move to 21 | 2021 | 2022 |
|----------------------|---|---------------------------------|
| # of States Enacted | 39 states + D.C. (+6 states from 2020) | 41 states + D.C. (+2 states) |
| % of U.S. Population | 84% | 87% |

We advocated to federal policy makers to close the synthetic nicotine loophole for FDA oversight so that e-vapor products using synthetic nicotine are subject to the same standards as those products containing tobacco-derived nicotine.

As an industry leader, we participated in the Reagan-Udall Foundation's review of FDA's Center for Tobacco Products (CTP) operations. We advocated for more clear, efficient and transparent policies and guidelines including enforcement of products with marketing denial orders by presenting at a public meeting and providing **written comments** with our suggestions to strengthen CTP's work.

Positive Youth Development

We continued our investments in impactful evidence-based prevention programs to support positive youth development. Research consistently shows that when young people have protective factors like positive relationships, are involved in constructive activities and are encouraged to make healthy decisions, they are less likely to engage in risky behaviors, including tobacco use.

Success360

Approximately **\$25 million** invested in Success360° youth-serving organizations that collectively reach more than **17 million kids**. Success360° programs include mentoring, adolescent substance abuse prevention and tobacco cessation programs.

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



All third-party trademarks remain the property of their respective owners.

For more information on our progress to Prevent Underage Use, please visit Altria.com/Responsibility