

# Reduce Harm of Tobacco Products 2021 Progress

## Scope

- Adult smoker transition to smoke-free products
- External conditions for tobacco harm reduction success
- Cessation support

### UN SDG Alignment:



## 2025 Goals

- Accelerate investments in innovation, science and regulatory support for new smoke-free product platforms.
- Create the conditions for tobacco harm reduction to succeed through external communications and engagement, science and advocacy.
- Provide access to expert quitting information for those who have decided to quit.

“Leading the U.S. in *Moving Beyond Smoking*<sup>™</sup> requires collaboration with many important stakeholders. That’s why leaning into engagement and partnership was so critical to our 2021 progress. We first listened to our consumers to better understand and empathize with adult smokers -- their journeys, motivators and barriers to transitioning to smoke-free products. We supported our trade partners with programs and resources to expand the availability of our smoke-free products. Our scientists led multiple harm-reduction engagements with stakeholders across the scientific and public health community. And to drive more progress, faster, a large cross-functional team of leaders worked together to identify the most important pathways to create the regulatory and policy conditions for harm reduction to succeed. I’m proud of the groundwork we’re laying in using science to develop a smoke-free product pipeline that we believe can successfully transition adult smokers and achieve FDA authorization. This also includes a framework for equitable harm reduction - where a reduced harm future is available to all smokers, inclusive of all demographic and socio-economic backgrounds. And I’m excited to keep up our momentum in 2022 by continuing the financial and human capital investments required to support adult smokers’ transition to a smoke-free future.”

**Paige Magness**  
Senior Vice President Regulatory Affairs  
Altria Client Services (ALCS)



## Adult Smoker Transition to Smoke-Free Products

In 2021, we experienced disruptions to /QOS<sup>®</sup>\* in the marketplace and delays by the FDA in decisions on other smoke-free products. We nevertheless remain optimistic about the future of harm reduction in the United States.

Approximately **22 million** U.S. adult smokers are interested in less harmful tobacco products.<sup>1</sup>

**53%** of adult smokers 21+ are interested in completely switching from cigarettes to a non-combustible tobacco product.<sup>2</sup>

**Almost a third** of adult smokers 21+ have tried smoke-free products.<sup>3</sup>

We are committed to our smoke-free portfolio and excited about the growth potential *on!*<sup>®</sup> oral nicotine pouches have shown in the market. We continue to prepare modified risk tobacco product (MRTP) applications for *on!*<sup>®</sup> and expect to submit them to the FDA by the end of 2022.



*“on!*<sup>®</sup> was the first pouch I tried and the one that inspired me to **replace cigarettes**.”<sup>4</sup>  
– Adult Tobacco Consumer (ATC) 21+ Testimonial

Acquired the remaining **20% ownership** stake of the global *on!*<sup>®</sup> business and reached unconstrained manufacturing capacity.

December 2020	December 2021
<i>on!</i> <sup>®</sup> distributed in <b>-78,000</b> U.S. stores	<i>on!</i> <sup>®</sup> distributed in <b>-117,000</b> U.S. stores

There are now **1.5 million** oral nicotine pouch consumers in the U.S., and the category primarily attracts smokers and dippers.

Trial of *on!*<sup>®</sup> **increased -5X** and repurchase tripled in Q4 2021 compared to the prior year period.

**-60%** of *on!*<sup>®</sup> consumers are age 21-39.

Over **30%** of *on!*<sup>®</sup> consumers are women compared to **25%** of the oral nicotine pouch category leader’s consumers and just **5%** of the moist smokeless tobacco category.

In 2021, ALCS conducted more than **40** consumer research studies involving thousands of adult tobacco consumers and performed more than **15,000** scientific analyses on prospective smoke-free products.

Our companies filed **151** new patents related to harm reduction efforts.

\* /QOS<sup>®</sup> is a heated tobacco product which we have exclusive rights to commercialize in the U.S. through our agreement with Philip Morris International (PMI). Philip Morris USA (PM USA) **removed /QOS<sup>®</sup> from the market** in November 2021 due to the International Trade Commission’s (ITC) importation ban and cease-and-desist orders.

<sup>1</sup> FDA Population Assessment of Tobacco and Health (PATH) Study, 2016

<sup>2</sup> ALCS Consumer Market Insights Data

<sup>3</sup> Altria Group Distribution Company POS Scan Loyalty Data

<sup>4</sup> *on!*<sup>®</sup> ATC 21+ Testimonials Qualitative Research Final Report 2021

## External Conditions for Tobacco Harm Reduction Success

We understand that harm reduction cannot succeed without responsible engagement with regulators, legislators, and the public health community. We are continuing our efforts to work with these and other stakeholders to create the conditions necessary for harm reduction to succeed in the U.S.

Key legislative and regulatory priorities to advance our Vision include:

In Q4 2021, ALCS conducted a general-population research study with adults 21+. Key findings that support our priorities include:

### Supporting Science-Based FDA Regulation

**87%** agree that adult tobacco consumers 21+ have a right to be informed about different levels of risk associated with different types of tobacco products.

### Opposing ban on menthol cigarettes and flavored cigars, neither supported by science and evidence

**62%** support a tobacco harm reduction approach over a tobacco prohibition approach.

### Advocating that the FDA address adult smoker nicotine misperceptions to facilitate the transition to smoke-free products

**67%** believe the nicotine in cigarettes is more harmful or equally harmful as the smoke that is inhaled from burning tobacco.



For more on our companies' legislative priorities and how we engage on them, visit the [Public Policy Positions page](#) on Altria.com.

ALCS's 2021 engagement efforts<sup>1</sup> with these key stakeholders supported a broad range of priorities that we believe will advance tobacco harm reduction success and support our Vision.

Over **200** regulatory and scientific engagements focused on tobacco harm reduction with federal and state elected officials and policymakers

**15** engagements with the FDA

**34** engagements with public health stakeholders on harm reduction

### Case Study

In 2021, we actively engaged with Congress and other stakeholders to address the emerging phenomenon of synthetic nicotine products — products manufactured with nicotine derived from a source other than tobacco. Some manufacturers of these products seek to evade FDA regulation on the grounds that the Tobacco Control Act applies only to products containing “tobacco-derived” nicotine.

We joined a diverse range of stakeholders who agree that all products containing nicotine — regardless of the source — should be subject to FDA regulation. Without FDA regulation, synthetic nicotine products threaten the goal of reducing underage use and also circumvent the safeguards FDA regulation provides to adult consumers.

We are proud of our engagement efforts and pleased that in April 2022, a new law passed that allows the FDA to regulate e-cigarettes and similar products that use synthetic nicotine.



To learn more about our leadership in the external environment and how we communicate our Vision to stakeholders in the scientific, public health and regulatory communities, visit the [Communications & Engagement page](#) of the Altria Science website.

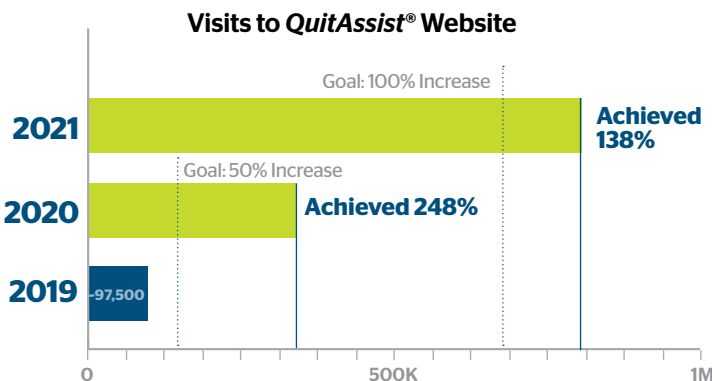
<sup>1</sup> Engagement data collected through 12/17/21.

## Cessation Support

We are evolving our cessation support strategy to address accessibility and equity in supporting the quitting journey of a diverse set of adult tobacco consumers who have decided to quit a range of different tobacco products.

*QuitAssist*<sup>®</sup>, the foundation of our strategy, connects visitors to expert quitting resources across product categories.

In 2021, we redesigned *QuitAssist*<sup>®</sup> through the lens of racial, economic and social equity. The site now includes updated resources and more improved diverse representation of adult tobacco consumers who have decided to quit. Improved navigation and site layout are designed to increase ease of use and positive user experience.



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For more information on our progress to Reduce Harm of Tobacco Products, please visit [Altria.com/Responsibility](https://Altria.com/Responsibility)