

OP-ED: Cooperation, Not Contention: Unlocking Innovation for the Public Good *By Tommaso Di Giovanni (Vice President, PMI International Communications)*

While science is never settled, the scientific processes of experimentation, observation, measurement, and testing (and re-testing again and again) brings us as close as possible to accuracy, reliability and, ultimately, truth. We at PMI, along with our peers in other industries, employ these methods rigorously. Our purpose is to drive innovation—to find new solutions and technologies and improve existing ones—with the ultimate goal of bettering society.

We strongly believe that we can move faster if the relationship between governments and the private sector is cooperative and collaborative, not contentious; open and transparent, not opaque.

Some recent efforts of industry-led innovation have been met with resistance from regulators, if not outright hindered. Although we are now seeing great leaps being made in clean-energy technology – it was not always the case. Despite the progress, clean energy solutions tend to be received better when they come from somewhere other than oil and gas giants. Another example: A campaign that has now been adopted across much of the EU—the Belgian Bob designated driver campaign—was initially met with skepticism because of alcohol industry involvement. Additionally, it can't be emphasized often enough that having government regulations that allow for and encourage rather than stifle innovation is a necessary piece of the puzzle.

Harm reduction—the ability to reduce the adverse effects of continued, potentially harmful behavior through advances in science, technology and regulation—is at the core of PMI's mission. The history of harm reduction doesn't begin with the invention of the V-type three-point safety belt (seatbelt), but that is certainly one of the greatest achievements made along the way. While cars remain dangerous still today, accidents, injuries and fatalities have significantly decreased thanks to the seatbelt. When this unassuming product was introduced in the late 1800s, it was in the form of simple lap belts to secure pilots to gliders. But then engineer Nils Bohlin innovated on this basic design; he invented the V-type three-point safety belt. After rounds of safety testing—initiated by the automotive industry itself—clearly demonstrated the benefits of Bohlin's design, regulatory bodies began to mandate them as a standard feature on all new cars, saving countless lives and enabling the growth of what would become one of the world's leading industries.

Although Bohlin's innovation underwent extensive testing, he and the auto industry, more broadly, did not face the same type of pushback that they might face today and that firms across of range historically-mistrusted industries are facing—firms like PMI and those in the



aforementioned energy and spirits sectors. For one, the auto industry was still in its infancy. Second, the political environment was not as fraught and contentious as it is now. Third, the spread of mis- and disinformation did not occur on anywhere near on the scale and with the speed it currently does.

Yet worldwide, the public is hungry for change. In an <u>online survey</u>, commissioned by PMI, of more than 17,000 people across fourteen countries in July and August 2022, a majority of respondents answered that each of the ten industries listed need to radically change and/or innovate, with energy (oil and gas) and healthcare topping the list at a response rate of 82%. Tobacco came in at 60%.

PMI is leading an industry change, one where we deliver on our vision for a smoke-free future. Our journey started with the introduction of heat-not-burn smoke-free products. From small beginnings in 2014, an estimated 13.5 million adult smokers who would otherwise continue to smoke have made the switch as of September 2022. We still have a long to go, as the WHO estimates there will be still a billion smokers by 2025. Industry change can happen faster, and on a larger scale, if more regulators viewed our innovation in the spirit of cooperation rather than contention.

With the most critical players aligned on the common goal of putting an end to cigarettes, there is no reason that we cannot make today's smokers the last generation to use cigarettes. That's not wishful thinking. Turning scientific innovation into a global public health breakthrough is within our grasp.

However, tobacco harm reduction is just the start of PMI's science- and technology-fueled journey toward better. We aren't satisfied anymore with merely achieving a value proposition centered on doing less harm. We are striving to become a company that has a net positive impact on society. What will that look like? PMI is now actively working to expand its purpose and evolve in the long term, into a broader lifestyle, consumer wellness, and healthcare company.

Our business interests are increasingly aligned with the interests of the public and their governments and we will help to deliver a better, more sustainable future. We are willing to cooperate and to do so transparently. We hope our counterparts on the regulatory side are, too.