

## **Second Amended and Restated Pledge Agreement**

This Second Amended Pledge Agreement (the "Pledge Agreement"), dated as of December 12, 2022, is made between **PMI Global Services Inc.**, a Delaware corporation ("Pledgor"), and **Foundation for a Smoke-Free-World, Inc.**, a non-profit, non-stock Delaware corporation (the "Foundation"), jointly referred to in this Pledge Agreement as the "Parties" and each a "Party." This Amended Agreement replaces and supersedes the original Pledge Agreement entered into on January 9<sup>th</sup>, 2018, and the Amended Pledge Agreement entered into on September 28, 2020, between the Parties.

### **WHEREAS:**

The Foundation filed its Certificate of Incorporation with the Delaware Secretary of State on September 8, 2017 (the "Certificate of Incorporation"), and adopted its First Amended and Restated Bylaws on September 19, 2017 (the "Bylaws," and, collectively with the Certificate of Incorporation, the "Organizational Documents"). The Foundation intends to operate and allocate its resources exclusively for the purposes stated in its Certificate of Incorporation, Article Third, and its Bylaws, Article IX, paragraph A (collectively, the "Foundation's Purpose"), which are set forth in the Appendix attached to this Pledge Agreement;

### **WHEREAS:**

The Foundation believes that, to achieve the Foundation's Purpose, a paradigm shift is needed to accelerate the pace of research and support of projects regarding alternatives to cigarettes and other combustible tobacco products and advance the field of tobacco harm reduction, and the Foundation intends to engage in effective and impactful activities to help achieve a smoke-free world;

### **WHEREAS:**

Pledgor is fully supportive of the Foundation's Purpose and is willing to contribute funds to the Foundation to enable the Foundation to successfully fulfill the Foundation's Purpose, and Pledgor recognizes that the Foundation may seek and receive further financial support from other sources; and

### **WHEREAS:**

Pledgor and the Foundation are, and shall remain, two separate corporations, independent of each other.

**NOW, THEREFORE**, the Parties agree as follows:

**Article I**  
**Contribution and Purpose**

- 1.1 Pledgor hereby agrees to contribute the amount of USD 80 million in 2018 and, subject to Article 3.2, USD 80 million in 2019, to be used exclusively in furtherance of the Foundation's purpose (collectively, the "Initial Pledge").
- 1.2 Pledgor hereby agrees to contribute USD 45 million in 2020 and USD 40 million in 2021. In addition, in each Fiscal year beginning July 1, 2022 and continuing through the Fiscal year that begins July 1, 2029 (such period, collectively with years 2018 through 2021, the "Period"), Pledgor expects, subject to Article 3.3, to contribute an annual amount up to, but not more than USD 35 million (the "Annual Pledges"), to be used exclusively in furtherance of the Foundation's Purpose. "Fiscal year" refers to the annual period beginning July 1 and continuing through June 30 of the following year.

**Article 2**  
**Independence; Compliance**

- 2.1 The Parties acknowledge and agree that the Foundation is acting as an independent entity unaffiliated with, and not at the order, request or under the direction or control of, Pledgor or any of Pledgor's affiliates, employees or agents, and that nothing in this Pledge Agreement creates an agency, partnership or joint venture relationship between the Parties.
- 2.2 Pledgor hereby agrees that its Annual Pledges shall not be conditioned on the Foundation conferring any benefit or right upon Pledgor or any of Pledgor's affiliates, employees or agents.
- 2.3 The Foundation shall maintain full independence, and shall make all its decisions on its own, free from the control, interim instructions, or improper influence, from or by:
  - (a) Pledgor or any of its affiliates, employees or agents;
  - (b) all other donors or pledgors or their respective affiliates, employees or agents; or
  - (c) all other third parties.
  - (d) Nothing in this Section or elsewhere in this Pledge Agreement or Foundation's Bylaws shall be interpreted to prohibit the Foundation from exchanging information or interacting with any third party, including but not limited to the Pledgor, or other donors, in order to advance the Foundation's Purpose.
- 2.4 The Foundation shall administer the Annual Pledges in full compliance with the Foundation's Organizational Documents and the rules governing its legal and tax-exempt status, and it shall comply with all applicable laws and internal requirements to which it is subject.

**Article 3**  
**Annual Pledges**

3.1 Pledgor shall contribute the Initial Pledge in two installments. Pledgor shall contribute the first installment of USD 80 million on or before January 15, 2018.

3.2 Pledgor shall contribute the second installment of USD 80 million on or before January 31, 2019, provided that after December 31, 2018, but before January 15, 2019, the Foundation's Board of Directors has delivered to Pledgor a unanimous attestation to the effect that since the date of incorporation of the Foundation through December 31, 2018, the Foundation has:

- (a) acted exclusively in furtherance of the Foundation's Purpose;
- (b) organized a Board of Directors;
- (c) formed Audit, Compensation and Science Oversight Committees;
- (d) elected officers;
- (e) opened banking and investment accounts;
- (f) engaged an independent, external auditor;
- (g) conducted interviews and polling about the Foundation's Purpose;
- (h) formed two grant review committees;
- (i) funded at least one grant; and
- (j) commissioned at least one research study (such study to be conducted in accordance with Article IX of the Bylaws and Article 4.6 of this Pledge Agreement).

3.3 Pledgor shall contribute the Annual Pledges for each year from 2020 through 2021 on July 1. For the Fiscal year beginning on July 1, 2022, and continuing through the Fiscal year that begins on July 1, 2029, the Pledgor shall contribute the Annual Pledges in the amounts and manner described in Articles 3.5, 3.6, and 3.7, provided that in each year Pledgor determines in accordance with Article 3.4 that the Foundation has:

- (a) in the previous calendar year:
  - (i) made at least four grants, or made grants or grant payments of at least USD 17.5 million, or commissioned at least four research studies (such studies to be conducted in accordance with Article IX of the Bylaws and Article 4.6 of this Pledge Agreement), in each case, exclusively in furtherance of the Foundation's Purpose;

- (ii) complied, and has caused its directors, officers, employees and agents to comply, with all applicable laws, the Foundation's internal requirements to which it or they may be subject and the terms of this Pledge Agreement in all material respects;
  - (iii) operated, and intends to continue operating, exclusively in accordance with the Foundation's Purpose; and
  - (iv) not rescinded, amended or modified the Foundation's Purpose or its Organizational Documents. However, the Parties agree the Foundation may amend or modify its Organizational Documents (other than with respect to the Foundation's Purpose) provided such amendments or modifications are of a purely administrative nature; and
- (b) in the current calendar year:
- (i) made publicly available by May 31:
    - (A) its annual report (prepared by its independent, external auditors) for the prior calendar year, which shall include, without limitation, its audited financial statements and its activities for the prior calendar year;
    - (B) an operations update detailing actions and expenditures planned for the current calendar year and outlining actions and estimated expenditures planned for the subsequent calendar year; and
    - (C) a copy of the Foundation's Form 990-PF, or such other required federal tax return, as filed by the Foundation for the Foundation's prior fiscal year, provided that if the Foundation is not required to file a Form 990-PF, it has made the information required by the Form 990-PF publicly available; and
  - (ii) determined that its expenditures planned for the current calendar year and taken or made in the prior calendar year are objectively reasonable and justifiable;

(each of Articles 3.3(a)(i)— (iv), 3.3(b)(i) and 3.3(b)(ii), a "Funding Principle," and, collectively, the "Funding Principles").

3.4 Pledgor will be bound in determining whether the Foundation has met each Funding Principle based on:

- (a) a report to that effect by the Foundation's independent, external auditor with respect to Articles 3.3(a)(i), 3.3(a)(iv) and 3.3(b)(i); and
- (b) a unanimous attestation by the Foundation's Board of Directors to that effect with respect to Articles 3.3(a)(iii) and 3.3(b)(ii), and with respect to Article 3.3(a)(ii), that the Foundation has complied, and has caused its directors, officers, employees and, to its knowledge, agents, to comply, with all applicable laws, the Foundation's

internal requirements to which it or they may be subject and the terms of this Pledge Agreement in all material respects; and

the Foundation shall deliver such report and attestation to Pledgor on or before May 31 of each calendar year from 2020 through 2029.

- 3.5 For each Fiscal year beginning July 1, 2022, and continuing through the Fiscal year that begins July 1, 2029, following receipt of the report and attestation described in Article 3.4, and provided that the Pledgor determines in accordance with Articles 3.3 and 3.4 that the Foundation has met the Funding Principles, the Pledgor shall provide the Foundation by July 1 of each year written confirmation that it shall make the Annual Pledge in an amount up to, but not more than USD \$35 million, for the following Fiscal year in accordance with the process described in Articles 3.6 and 3.7.
- 3.6 Subject to Article 3.3 and Article 3.4, for each Fiscal year beginning July 1, 2022 and continuing through the Fiscal year beginning July 1, 2029, the Annual Pledges shall be made as follows: if and when the Foundation's cash balance falls below USD \$25 million during a Fiscal year, as confirmed in a Cash Balance Report (as defined in Article 3.65), the Foundation shall promptly notify the Pledgor of this fact and at the same time provide the Cash Balance Report to Pledgor, and Pledgor shall make a charitable gift of USD \$17.5 million to the Foundation within 30 days after receipt of the notice and Cash Balance Report. If and when the Foundation's cash balance falls below USD \$25 million for a second time during a Fiscal year, as confirmed in a Cash Balance Report, the Foundation shall promptly notify the Pledgor of this fact and at the same time provide the Cash Balance Report to Pledgor, and Pledgor shall make a second charitable gift of USD \$17.5 million to the Foundation within 30 days after receipt of the notice and Cash Balance Report. For the avoidance of doubt, a charitable gift shall be deemed made by Pledgor to Foundation in the Fiscal year in which Foundation provides notice to Pledgor regarding its cash balance even if the Fiscal year in which the notice was provided concludes and the next Fiscal year commences prior to the date on which Pledgor contributes the charitable gift pursuant to Article 3.7. The total amount of the Annual Pledge provided by Pledgor to the Foundation shall not exceed USD \$35 million in the aggregate during any Fiscal year.
- 3.65 For purposes of this Agreement, a "Cash Balance Report" is a report that provides the financial data for each of the following: (1) the last 990PF's line 2 of the Balance Sheet showing "Savings and temporary cash investments", (2) minus any Operating and Administrative costs of the Foundation separated into two categories: (a) operating and administrative costs excluding grants, and (b) grants paid, (3) totaling the new cash balance as of the designated date.
- 3.7 Pledgor shall contribute each Annual Pledge by wire transfer of immediately available funds in accordance with the Foundation's wire transfer instructions provided to Pledgor. If any Annual Pledge is due on a New York City bank holiday, Pledgor shall make such Annual Pledge on the next succeeding business day.

- 3.8 Any investment income earned on the Annual Pledges, to the extent not disbursed in furtherance of the Foundation's Purpose, shall be retained by the Foundation, invested and ultimately used exclusively in furtherance of the Foundation's Purpose and in accordance with applicable law.
- 3.9 Within ten (10) days of the end of each quarter of each calendar year during the term of the Agreement, the Foundation will provide the Pledgor its quarter end cash balance and its projected planned spending for the next three (3) quarters, including (1) grants expected to be paid and (2) projected operating and administrative expenses excluding grants.

**Article 4**  
**Representations, Warranties and Covenants of the Foundation**

- 4.1 The Foundation has all requisite corporate power and authority to enter into this Pledge Agreement and to carry out its obligations hereunder.
- 4.2 The execution and delivery of this Pledge Agreement and the performance of the Foundation's Purpose have been duly authorized by all required action on the part of the Foundation. This Pledge Agreement has been duly and validly executed and delivered by the Foundation and (assuming the due authorization, execution and delivery by Pledgor) constitutes the legal, valid and binding commitment of the Foundation.
- 4.3 The Foundation represents, warrants and covenants that it is, and shall remain at all times during the Period:
- (a) a non-profit, non-stock corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware; and
  - (b) either recognized by the Internal Revenue Service as, or operated in compliance with the rules and regulations applicable to, a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").
- 4.4 The Foundation represents, warrants and covenants that it shall use the Annual Pledges exclusively in furtherance of the Foundation's Purpose, and in no event shall any such amount inure to the benefit of any private shareholder or individual within the meaning of Section 501(c)(3) of the Code.
- 4.5 The Foundation represents, warrants and covenants that it shall provide Pledgor such written acknowledgments as are required by Section 170(f)(8) of the Code, including, without limitation, acknowledging the date and amount of the Annual Pledges received from Pledgor.
- 4.6 The Foundation represents, warrants and covenants that it shall require its grant recipients to:
- (a) use valid and scientifically rigorous study protocols designed to yield results that advance scientific or medical knowledge;

- (b) present and interpret their study results accurately;
- (c) subject any resulting publications to appropriate peer review; and
- (d) disclose in any resulting publications that such grant recipient received a grant from the Foundation.

In this Article 4, a "scientifically rigorous" study protocol means a protocol that enhances confidence in the truth and accuracy of the study's findings.

**Article 5**  
**Representations, Warranties and Covenants of Pledgor**

- 5.1 Pledgor is a corporation, validly existing and in good standing under the laws of the State of Delaware. Pledgor has all requisite corporate power and authority to enter into this Pledge Agreement and to carry out its obligations hereunder.
- 5.2 The execution and delivery of this Pledge Agreement and the performance by Pledgor of its obligations hereunder have been duly authorized by all required action on the part of Pledgor. The Pledge Agreement has been duly and validly executed and delivered by Pledgor and (assuming the due authorization, execution and delivery by the Foundation) constitutes the legal, valid and binding obligation of Pledgor.
- 5.3 Pledgor expressly agrees that the Foundation's acceptance of the Annual Pledges does not constitute an endorsement by the Foundation of any of the Pledgor's products.

**Article 6**  
**Communications**

- 6.1 The Parties agree that the Annual Pledges to the Foundation shall be disclosed in the Foundation's annual report and in such other Foundation publications and with such prominence as the Foundation deems appropriate.
- 6.2 Neither Party shall speak or act on behalf of the other Party. Neither Party shall be liable to the other Party for the other Party's public statements.

**Article 7**  
**Notices**

- 7.1 All notices required to be given under this Pledge Agreement shall be in writing and shall be deemed to have been given:
  - (a) when delivered by hand (with written confirmation of receipt);
  - (b) when received by the addressee if sent by a nationally recognized overnight courier (return receipt requested);
  - (c) on the fifth day after the date mailed, by certified or registered mail (in each case, return receipt requested, postage pre-paid); or

- (d) on the day such notice or communication is sent electronically provided that the sender has received a confirmation of such electronic transmission.

7.2 Notices shall be addressed to the following authorized representative of each Party or as otherwise notified by one Party to the other Party in accordance with this Article 7:

**If to Pledgor, to:**

PMI Global Services Inc.  
677 Washington Boulevard  
Stamford, CT 06901  
Attention: Steven B. Rissman, Vice President and Associate General Counsel  
[Steve.Rissman@pmi.com](mailto:Steve.Rissman@pmi.com)  
Jodi B. Kalagher, Senior Counsel  
[Jodi.Kalagher@pmi.com](mailto:Jodi.Kalagher@pmi.com)

**If to the Foundation, to:**

Foundation for a Smoke-Free World, Inc.  
420 Lexington Ave., Suite 300  
New York, New York 10170  
Attention: Heidi Goldstein, Executive Vice President, Chief Legal Officer  
[Heidi.Goldstein@smokefreeworld.org](mailto:Heidi.Goldstein@smokefreeworld.org)

**Article 8**  
**Termination**

- 8.1 Unless extended or earlier terminated as agreed in writing by the Parties, this Pledge Agreement shall terminate on the earliest of:
- (a) June 30, 2030;
  - (b) the date the Foundation ceases to operate in furtherance of the Foundation's Purpose;
  - (c) the completion of any five successive year period during which the Foundation has failed to satisfy one or more Funding Principles in each year thereof; and
  - (d) any material failure to comply with the provisions set forth in Article 2 or 4 of this Pledge Agreement if such failure cannot be, or has not been, remedied within 60 days of the Foundation's receipt of written notice from Pledgor with respect to such failure.
- 8.2 Notwithstanding any termination of this Pledge Agreement, Articles 2.3 and 4.4 shall survive any such termination.



**Article 9**  
**Choice of Law**

9.1 This Pledge Agreement, and all claims or causes of action (whether in contract, tort or statute) that may be based upon, arise out of or relate to this Pledge Agreement or the negotiation, execution or performance of this Pledge Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Pledge Agreement), shall be governed by, and enforced in accordance with, the internal laws of the State of Delaware, including its statutes of limitations, but excluding its conflicts of law provisions.

9.2 Each Party:

- (a) irrevocably submits itself to the personal jurisdiction of each state or federal court sitting in the State of Delaware, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, in any suit, action or proceeding arising out of or relating to this Pledge Agreement or the negotiation, execution or performance of this Pledge Agreement;
- (b) agrees that every such suit, action or proceeding shall be brought, heard and determined exclusively in the Court of Chancery of the State of Delaware (provided that, in the event subject matter jurisdiction is unavailable in or declined by the Court of Chancery, then all such claims shall be brought, heard and determined exclusively in any other state or federal court sitting in the State of Delaware);
- (c) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court;
- (d) agrees not to bring any suit, action or proceeding arising out of or relating to this Pledge Agreement or the negotiation, execution or performance of this Pledge Agreement in any other court; and
- (e) waives any defense of inconvenient forum to the maintenance of any suit, action or proceeding so brought.

**Article 10**  
**Non-Waiver**

The failure of one of the Parties to assert its rights in respect of a breach by the other Party of one of its obligations may not be construed as a waiver of the right to enforce such obligation nor as an amendment to this Pledge Agreement and may not prevent the non-breaching Party to assert such right in the future.

**Article 11**  
**Counterparts**

This Pledge Agreement shall be executed in two counterparts, each of which shall be deemed an original, but each of which together shall constitute one and the same instrument.

**Article 12**  
**Assignment**

This Pledge Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and permitted assigns. Neither Party may assign its rights or delegate its obligations hereunder, except that Pledgor may assign any of its rights and delegate any of its obligations hereunder to an affiliate of Pledgor and shall provide notice to the Foundation within 30 days of any such assignment.

**Article 13**  
**Entire Agreement and Amendments**

The Parties acknowledge and agree that other than the obligations of the Parties under this Pledge Agreement, there is no contract, arrangement or understanding that directly or indirectly creates or governs the relationship between the Parties. This Pledge Agreement may be amended only by a written agreement of the Parties.

*[Remainder of page left blank; signature page follows.]*

**IN WITNESS WHEREOF**, Pledgor and the Foundation, each acting through its duly authorized signatory, have caused this Pledge Agreement to be executed as of the date first written above.

**PMI Global Services Inc.**

**Foundation for a Smoke-Free World, Inc.**

Ann Marie Kaczorowski

David Janazzo  
David Janazzo

Heidi B. Goldstein  
Heidi B. Goldstein

## APPENDIX

### **Certificate of Incorporation, Article Third**

The Corporation is organized and shall be operated exclusively for charitable, scientific and educational purposes within the meaning of section 501(c)(3) of the Code, including, without limitation, to support independent scientific research free from the influence of any commercial entity that may be affected by the research outcome. In furtherance thereof, but without limitation thereon, the Corporation shall hold, invest and administer assets received as charitable gifts, bequests and contributions and use such assets or the income therefrom to (i) make grants and other distributions to academic, health-related, research and science centers and institutions and other collaborating centers and institutions, and to scientists and health-related experts, to support research and projects regarding alternatives to cigarettes and other combustible tobacco products and how to best achieve a smoke-free world and advance the field of tobacco harm reduction; (ii) fund global research initiatives and publish reports regarding, among other things, the attitudes and opinions of the general public towards tobacco harm reduction; (iii) fund scientific verification studies to assess the impact of smoke-free and reduced risk products on public health outcomes and how such products affect the general population; (iv) scrutinize, comment on, and inform the general public regarding the activities of the tobacco industry, other commercial entities and other stakeholders which may have an impact, either positive or negative, on achieving a smoke-free world and advancing the field of tobacco harm reduction; (v) research the effect of the reduced demand for leaf tobacco on farmers and other stakeholders and explore and promote sustainable agricultural and nutritional alternatives for tobacco farmers, tobacco land and other stakeholders; (vi) research sustainability issues and solutions related to the management of smoke-free and reduced risk products-related waste materials; and (vii) conduct global conferences, forums, panels and similar programs to focus on the evolving science regarding alternatives to cigarettes and other combustible tobacco products and how to best realize a smoke-free world.

### **First Amended and Restated Bylaws, Article IX, Para A.**

Independent Research Agenda: The goal of the Corporation is to promote and support significant scientific research that advances the field of tobacco harm reduction and reduces the public health burden of smoking-related diseases. The Corporation shall not take into account the potential impact of that research on the image of the tobacco industry or any other industry or commercial entity. The Corporation's research program shall be guided by experienced researchers, scientists and policy experts in accordance with the Corporation's objects and purposes. The Corporation shall make best efforts to keep abreast of relevant published research, and ensure that any research it conducts or funds is either non-duplicative and novel, focused on scientific and regulatory gaps, or otherwise in furtherance of its purposes as set forth in Article Third of its Certificate of Incorporation and in this Article IX(A) of these Bylaws. The Corporation shall review past models of funding tobacco control research and identify the feasibility of incorporating additional independence and transparency elements, or other best practices, into the process for screening, reviewing and awarding grants and other distributions in furtherance of the Corporation's objects and purposes.