This Pledge Agreement (the “Pledge Agreement”), dated as of January 9, 2018, 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”.

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 1
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 expects to contribute, subject to Article 3.3, additional amounts of USD 80 million each year (collectively with the Initial Pledge, the “Annual Pledges”) during the period beginning in 2020 and ending in 2029 (such period, collectively with calendar years 2018 and 2019, the “Period”) to be used exclusively in furtherance of the Foundation’s Purpose.

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 make all its decisions on its own, and shall maintain full independence, free from the control, interim instructions, or influence, whether direct or indirect, 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.

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 calendar year from 2020 through 2029 on July 1 of each year, 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 40 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 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.

3.6 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.

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); or
(c) on the fifth day after the date mailed, by certified or registered mail (in each case, return receipt requested, postage pre-paid).

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.
120 Park Avenue
New York, New York 10017
Attention: Assistant Corporate Secretary

**If to the Foundation, to:**

Foundation for a Smoke-Free World, Inc.
575 Fifth Avenue, 14th Floor
New York, New York 10017
Attention: Derek Yach, President

with a copy, which shall not constitute notice, to:

Elizabeth A. Smith, Esq.
Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111

**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) December 31, 2029;

(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.

[Signature]

André Calantzopoulos
Authorized Signatory

Foundation for a Smoke-Free World, Inc.

[Signature]

Derek Yach
President
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 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.