

GTNF 2016

Global Tobacco & Nicotine Forum

Dynamic dialogue, expanding perspectives.

MANAGING TRANSFORMATION

Panel discussion:

***Advancing public health with new products and
regulatory frameworks***

A new regulatory paradigm

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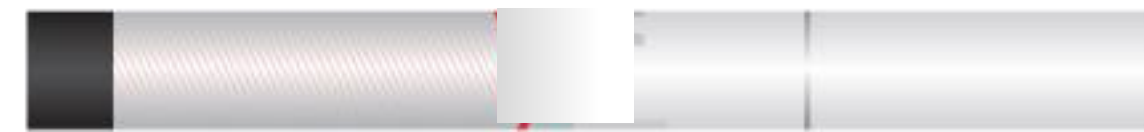
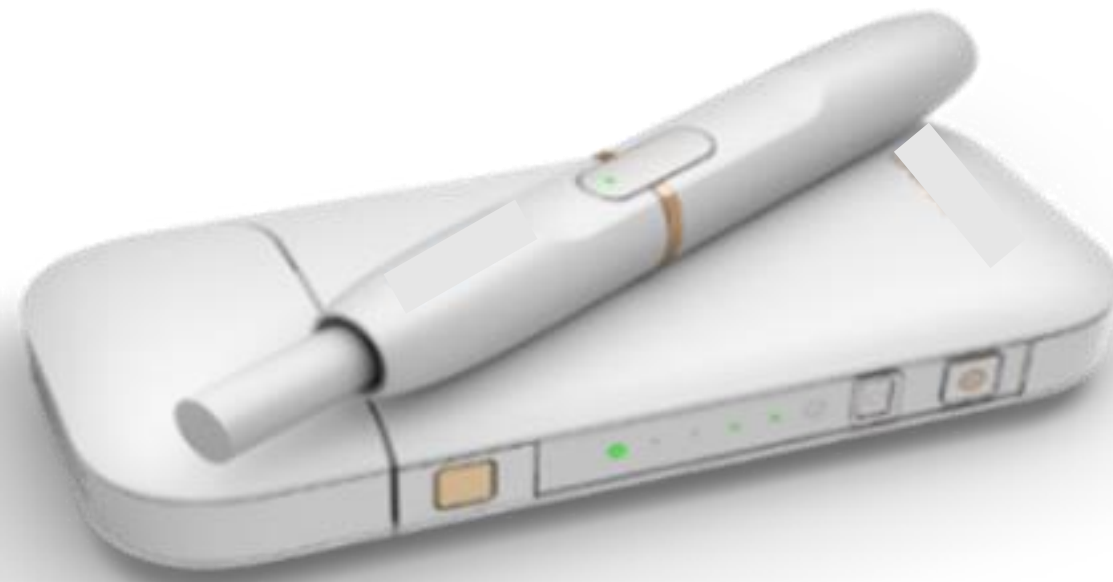
WHAT HAS CHANGED?

“For the first time in history, we have products with the real potential to both accelerate harm reduction and grow our business. Indeed, we stand on the cusp of a true revolution.”

“Our stated ambition is to convince all current adult smokers that intend to continue smoking to switch to RRP as soon as possible, but we cannot achieve this mammoth task on our own.”

André Calantzopoulos, CEO PMI
Consumer Analyst Group of New York (CAGNY) Conference, February 17, 2016

DIFFERENT PRODUCTS TO MAXIMIZE SWITCHING POTENTIAL



WHAT SHOULD REGULATION BE BASED ON?

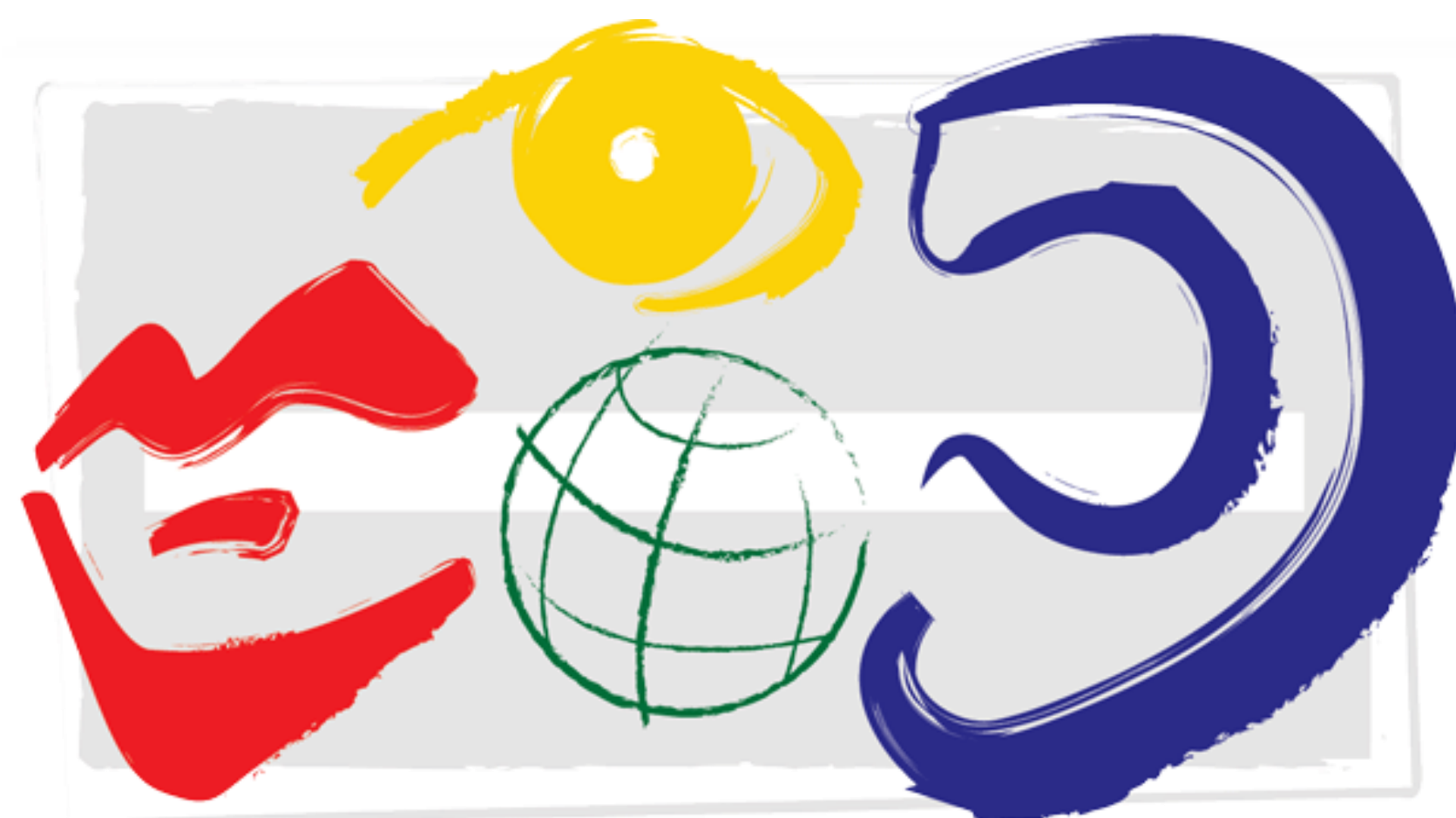
**NON COMBUSTIBLE
PRODUCTS**

**PRODUCT
CHARACTERISTICS**

Absence of combustion
Electronic safety standards
Ingredient quality
Manufacturing standards
Labelling

**USE IN
REPLACEMENT OF
CIGARETTES**

Availability and affordability
Consumer communication
Ability to use in different
venues
Flavours



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Good morning. I am pleased to be in this panel **that will address the important and relevant topic of how new products and regulation can advance public health goals.**

The first thing I would like to say is that, **I feel that we are in a very different place today compared to the past** in that more and more people including many of the past's most skeptical critics, recognize that with the advent of new products there is the potential for common ground with tobacco companies **that is based on public health outcomes, rigorous science and importantly strong regulation.** What is making that possible is that technological innovation is transforming our industry with a wide range of noncombustible tobacco or nicotine containing products that have the potential to significantly reduce individual health risks and population harm when compared to continued cigarette smoking.

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As these two quotes from PMI's Chief Executive Officer exemplify, the industry stands on the cusp of a real revolution in that we now have an opportunity to envisage a future without cigarettes.

It is our ambition to convince current smokers who would otherwise continue smoking to switch to potential less harmful alternatives, but as noted in this quote, **it is not a task we can achieve on our own...**

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...where we see a role for us as a large tobacco company is in **developing products that by design reduce the levels of harmful and potentially harmful constituents, in assessing them using the best available scientific methodologies, and in bringing them to current adult smokers in the best possible way.**

We have developed a range of non-combustible tobacco or nicotine containing products, including e-cigarettes, heated tobacco products and smokeless tobacco products, that we think have the potential to significantly reduce individual risk and population harm compared to continued smoking cigarettes.

To ensure that as many smokers as possible give up cigarettes completely, we see the need for a broad range of such products to satisfy different consumer preferences.

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Novel products are different than cigarettes and it is important that regulatory frameworks reflect their nature, including their potential reduction in risks and benefits. Category and product specific health warnings, marketing and public use rules should be based on the data that demonstrate that the product or product category is fundamentally different.

Regulations should be **sufficiently rigorous to protect non-smokers, particularly young people, yet flexible enough to encourage adult smokers to switch from cigarettes, and should encourage investment by manufacturers in product development and assessment** and widespread participation in the novel product category.

Regulation should also impose protections on population harm.

Finally, we firmly believe that **public health goals will be hindered rather than helped if the extreme restrictions that apply to cigarettes in some countries are extended to novel products**, because that would prevent adult smokers from learning about potentially less harmful alternatives to cigarettes

Thank you very much for your attention.