



12th August 2021

**Re: Proposed acquisition of Vectura Group plc. (Vectura) by Philip Morris International Global Services Inc. (PMI)**

Dear Vectura Board Members,

The move by Philip Morris International (PMI) to buy Vectura has generated considerable public concern in the last few weeks, and the signatories to this letter want to raise this important issue with you as Vectura Board Members. Some of our concerns are ethical, but others are extremely practical and relate to the way in which ownership by PMI could significantly hamper Vectura as a viable, research-oriented business.

- Tobacco is a uniquely dangerous, addictive product. 2020 was the worst year on record for the negative impact of tobacco on human health, causing an estimated [8 million deaths](#) and tens of millions of serious medical illnesses. PMI has an estimated 15% share of the global cigarette market, yet in our view, it is not held accountable for the profound impact its products have on human life, in terms of providing compensation to victims or paying for the catastrophic costs it inflicts on public health systems around the world (estimated at ~US\$1 [trillion](#) each year and [£14.7 billion](#) each year in the UK alone).
- The [announcement](#) of the proposed takeover of Vectura by PMI included a quote from Jacek Olczak, CEO of PMI. It states: *“PMI’s Beyond Nicotine strategy, announced in February, articulates a clear ambition to leverage our expertise in inhalation and aerosolization into adjacent areas—including respiratory drug delivery and selfcare wellness...”* PMI’s ‘Beyond Nicotine’ strategy is, in our view, disingenuous. Despite articulating an ambition to move ‘beyond nicotine’, PMI continues to manufacture cigarettes (more than two billion per day) and market cigarettes in many jurisdictions globally, especially in low- and middle-income countries where large youth populations and lax regulations have seen widespread smoking uptake in recent decades. There are [many examples](#) of PMI lobbying against and delaying tobacco control regulation. The notion that PMI is *transitioning* towards becoming a “selfcare wellness” company is a concept utterly rejected by the global health community, and as recently as 2 August 2021, PMI bid for a new cigarette factory license in [Egypt](#). PMI still makes over 75% of its US\$28 billion (£20 billion) in annual revenue from “combustible” products that

involve the burning of tobacco - a product which leads to the premature death of [two out of every three](#) users.

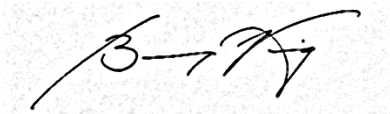
- Vectura is a company that manufactures medications used in the treatment of chronic obstructive pulmonary disease (COPD), asthma and other respiratory illnesses. Indeed, Vectura currently makes the bulk of its [£200 million in revenues](#) from manufacturing pharmaceuticals that treat smoking-related diseases, like chronic obstructive pulmonary disease. If PMI were to acquire Vectura, ***PMI could then profit from treating the very illnesses that its products cause.***
- The World Health Organisation Framework Convention on Tobacco Control (the UN Tobacco Control Treaty) has been signed and ratified by more than 180 countries. [Article 5.3](#) of the Treaty explicitly aims to reduce industry influence in public health policymaking. This means governments and other public bodies *may not* engage with the tobacco industry over health-related policy. If Vectura is purchased by PMI, governments and many others could severely curb any communication with the company, which may impact Vectura's ability to secure government grants. This could significantly hamper Vectura's research and product development capabilities.
- Additionally, many medical journals and associations have similar policies of non-engagement with the tobacco industry. If Vectura becomes part of PMI, it may therefore not be able to publish research in leading journals such as the BMJ and the Lancet. Key leading medical associations such as the [British Thoracic Society](#), the [European Respiratory Society](#), the [American Thoracic Society](#) and the [COPD Foundation](#) have all made it clear that PMI ownership of the company would prohibit engagement with Vectura.
- Vectura has important research links with a number of universities, all of which could be [threatened](#). University and hospital collaborations are likely to be rejected and participation in clinical trials blocked, disrupting crucial drug development - one of Vectura's major business activities. Attendance and presentations at medical conferences would likely be prohibited. A takeover by PMI is therefore likely to cause *significant disruption* to Vectura's operations and future profitability for its shareholders.
- Other professional partnerships may also become more problematic, affecting Vectura's ability to win business. Vectura has recently focused on contract development work for other companies and won the most contracts last year in respiratory disease and lung cancer. By partnering with Vectura, these other companies could also be caught by medical association anti-tobacco industry policies, making work with Vectura far more problematic.
- While disruption to these research networks may impact on Vectura's operations and likely future profitability, it also has the potential to significantly impact on patient outcomes. The signatories to this letter support patients with respiratory conditions, and research in this area is vitally needed. The prospect of research complications impacting upon vitally needed drug development for patients is a huge concern.

- Additional business risks must also be taken into consideration. For example, the risk that tobacco ownership impedes Vectura's ability to attract and retain talent at all levels of the company, as well as engage with the best scientists, pharmacists and medical experts due to concerns around being associated with – and working for – Big Tobacco. For many Vectura staff, their research careers will have involved developing treatments for tobacco related diseases. To end up working for a tobacco company could be extremely uncomfortable, along with the prospect of being excluded from academic networks and an inability to publish research. There is a strong possibility many of Vectura's employees may leave the company in order to limit their reputational risk and improve future employment prospects.
- There is also a risk that Vectura's customers may seek alternative drug providers due to its link with the tobacco industry.
- Finally, and crucially, many of Vectura's major shareholders are financial institutions which have publicly stated their commitment to respecting core Environmental, Social and Governance (ESG) standards in their activities, and to advancing the United Nations' Sustainable Development Goals (SDGs). A number of Vectura shareholders have also signed the [Tobacco-Free Finance Pledge](#), which is supported by the United Nations. Given tobacco negatively impacts [14 of the 17 SDGs](#), the approval of PMI's proposed takeover would be inconsistent with these core values, in our view.

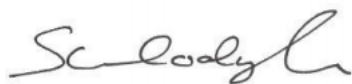
The signatories of this letter encourage you to put sustainability and ethics first. Tobacco companies should not profit from the illnesses their products cause. In addition, we believe Vectura's future commercial viability as a company dedicated to improving respiratory health would be seriously jeopardised should the PMI takeover proceed. We urge you to reject PMI's takeover bid.

Yours Sincerely,

Dr. Bronwyn King, AO, MBBS, FRANZCR, CEO Tobacco Free Portfolios



Sarah Woolnough Chief Executive Asthma UK & the British Lung Foundation



Deborah Arnott MBA, Hon FRCP, Hon FFPH, Chief Executive, Action on Smoking & Health



Sheila Duffy, Chief Executive, Action on Smoking & Health Scotland



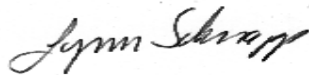
Sheri Tooley BSRT, RRT, RRT-NPS, AE-C, CPFT, FAARC, American Association for Respiratory Care



Harold Wimmer, National President & CEO, American Lung Association



Lynn Schnapp MD, ATSF, President, American Thoracic Society

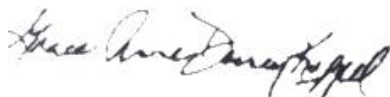


Joanna Shakespeare, Vice Chair Association for Respiratory Physiology and Technology (ARTP)

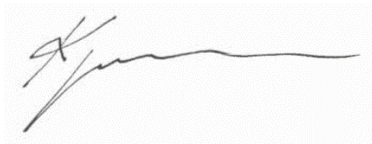
Ruth Tal-Singer, PhD, President & Chief Scientific Officer, COPD Foundation



Grace Anne Dorney Koppel, President of The Dorney-Koppel Foundation



Kjeld Hansen, Chair of the European Lung Foundation



Anita Simonds, President of the European Respiratory Society

A. K. Amund

Jonathan Grigg, Chair of the European Respiratory Society Tobacco Control Committee

grigg

Carol Stonham, Chair of the Executive Committee, Primary Care respiratory Society

esth

Dr Andrew Goddard, President Royal College of Physicians



Christina Marriott, CEO Royal Society for Public Health

Christina Marriott

Mr A.M. Grange, Chair of the UK Lung Cancer Coalition

A.M. Grange

Dr Nigel Carter, Chief Executive, Oral Health Foundation, Chair, Royal Society for Public Health

Nigel Carter

Amanda Healy, FFPH, Director of Public Health, Durham County Council, Chair of North East DPH Network



Ailsa Rutter OBE, Director of Fresh and Balance

*Dilisa Piller*

Dr Eugene Milne, Director of Public Health Newcastle City Council, North East lead Director of Public Health for tobacco



Dr Ruth Sharrock, Clinical Lead for Tobacco Dependency for the North East and Cumbria Integrated Care System and Consultant Respiratory Physician at QEH Gateshead.

*R Sharrock*

Dr Steve Holmes, Clinical Respiratory Lead, Somerset CCG, NHS England Regional Clinical Respiratory Lead (South West)



John Hurst PhD FRCP FHEA, Professor of Respiratory Medicine, University College London

*John Hurst*

Prof John Moxham, Emeritus Professor of Respiratory Medicine, King's College London



Dr Nicholas Hopkinson, Professor of Respiratory Medicine, Imperial College London

*NSH*

## About Tobacco Free Portfolios

[Tobacco Free Portfolios](#) is a not-for-profit organisation with a mission to inform, prioritise and advance tobacco-free finance by encouraging financial institutions to reflect on and reconsider commercial relationships with the tobacco industry and thereby aid decisions to exclude tobacco from investment, lending and insurance activities. Our flagship initiative, the [Tobacco-Free Finance Pledge](#) invites financial institutions to sign-up voluntarily and signal their commitment to tobacco-free finance. The Pledge currently has 170 signatories from 21 countries worldwide representing US\$11.7 trillion in assets under management (AUM), and we are building a growing community of financial sector actors championing a move away from tobacco. As Dr Tedros Ghebreyesus, Director-General World Health Organization, said in 2018: “It makes no sense to fight tobacco on one hand and to finance it on the other.” See our [website](#) for further information.