

SEPTEMBER 2020

# Advisory Panel Charter

## Advisory Panel Charter

The Advisory Panel is a body of experts that provides strategic advice and independent, third-party opinion on the design and development of the Tobacco Transformation Index. The following sets out the panel’s responsibilities and operating procedures.

### Background

The Tobacco Transformation Index (the “Index”) is a tool to accelerate the necessary transformation of the global tobacco industry and the reduction of harm caused by tobacco use. By monitoring and critically evaluating tobacco companies’ behavior, including actions that either support or impede tobacco harm reduction, the Index seeks to provide objective and transparent information to all stakeholders and to incentivize companies to act more quickly and responsibly than they otherwise would.

The Index will biennially rank the world’s 15 largest tobacco companies, accounting for approximately 85% of global cigarette volume, on their relative progress in supporting harm reduction. This ranking and supporting analyses will help stimulate innovation and competition among companies and equip institutional investors and other stakeholders with valuable information for understanding and engaging with them to drive change.

In addition, the Index will be supplemented by 36 country fact sheets profiling relevant policy and other conditions in markets accounting for approximately 90% of current global sales and consumption of cigarettes. The objective of the country fact sheets is to help contextualize and, in the future, more deeply analyze companies’ relevant activities in these markets.

The Tobacco Transformation Index is a project of the [Foundation for a Smoke-Free World](#) (the “Foundation”), a non-profit organization created in 2017 with funding from Philip Morris International (PMI) with the mission to end smoking in this generation. The Index is a key component of the Foundation’s Industry Transformation strategy. The Foundation’s goal is to prove the concept of an Index, coordinate development of initial version(s) of the index, and subsequently support the transition of the Index to independent funding and governance.

### Purpose and Scope

The purpose of the Index Advisory Panel (the “Panel”) is to provide third-party, expert advice on governance, design, development, and promulgation of the Index, helping to ensure its strategic objectives are met. This includes providing input to the Foundation regarding overall Index strategy and future governance, as well as to the project consultants responsible for initial development and implementation of the Index initiative – Euromonitor International (responsible

for index design, research, analysis, and reporting) and SustainAbility (responsible for stakeholder engagement, panel facilitation/ administration, and post-publication review).

The Panel's input is limited to providing considered opinions on the overall governance, design, and implementation of the Index. It does not advise in a technical capacity on matters associated with research methods, scoring methodology, and ultimate analysis and findings.

The Panel serves strictly in an advisory capacity and as such will not have any formal decision-making authority other than adopting positions and providing recommendations. Authority on all Index implementation matters remains with the Foundation and project consultants, as appropriate to their designated responsibilities.

Upon completion of the first edition of the Index and only after all panel members have agreed to its content, the Panel will publish its independent report on index process, execution, and governance, along with recommendations for the future. The Panel will also collectively agree on their own communications and messages throughout the process.

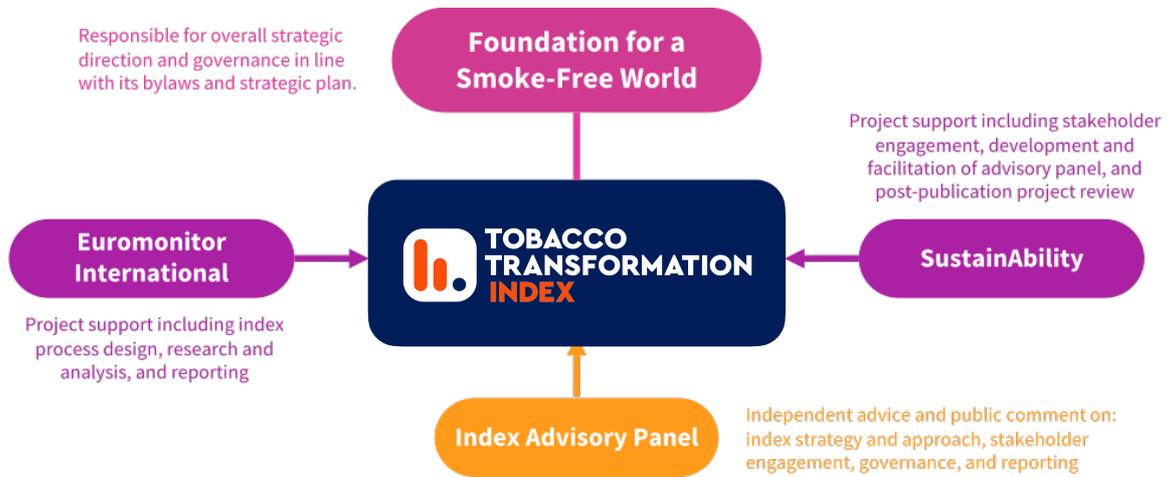
## **Management and Governance**

A management and governance structure (represented in the figure below) has been established to support initial development of the Index and to ensure roles and accountabilities of the various parties are clearly defined. This structure comprises the Foundation, Euromonitor, SustainAbility, and the Index Advisory Panel.

The Panel operates in a critical, third-party capacity and without any tobacco industry involvement. SustainAbility will provide resources and secretariat services to the Panel.

Recognizing the need for the Index governance to evolve and become completely independent of the tobacco industry as soon as practical, the Foundation anticipates that this structure will remain intact through the first release of the Index. The Index is a long-term program with the intention for multiple, periodic iterations. In its advisory capacity, the Panel will make recommendations for alternative governance structures for consideration going forward.

## Management & Governance Structure



# Membership

## Membership & Expertise

For its initial term, the Panel will be comprised of between four and eight members, representative of the following constituencies:

- Public health and tobacco control
- Investment and asset management
- Ethical business practices, ratings, and indices
- Responsible marketing, advocacy
- Corporate governance
- Business transformation and change theory
- Economics, including behavioral economics
- Market research and data analytics

Panel members must be globally respected with recognized credentials, representing a diversity of regions, disciplines, and insights. Continued efforts will be made over time to achieve balance in gender, age, ethnicity, nationality, and regional orientation.

While organizational affiliation is likely to be recognized as reflective of participants' relevant expertise, each Panel member is asked to participate in an individual capacity and will not be asked to represent or speak on behalf of his or her organization(s).

## Appointment & Removal

SustainAbility provides resources and secretariat services to the Panel, including the identification of suitable Panel candidates. After consultation with all parties, the final decision as to which candidates are invited to join the Panel rests with the Panel Chairperson.

Members are asked to serve for an initial term from September 1, 2019 to September 30, 2020, i.e. through the first release of the Index and the planned post-publication project review. Panel members serve voluntarily and may be asked by the Panel Chairperson to step down prior to the anticipated term, or extend their term, at the Chairperson's discretion in consultation with all parties. The second term will begin on October 1, 2020, and it is anticipated that additional terms will follow for the life of the Index.

## Chairperson

A Panel Chairperson will be appointed by SustainAbility, in consultation with Panel members, the Foundation, and Euromonitor. The Panel Chairperson will assist with staffing the Panel, selecting and prioritizing topics for the Panel's consideration, developing meeting agendas, coordinating

and advocating for Panel members' perspectives, and public representation of the Panel and the Panel's communications about the Index, as deemed appropriate by the Panel members.

### **Conflict of Interest**

No person may serve on the Panel who has any current or anticipated financial or other formal association with the tobacco industry aside from their involvement in the Index, and any past association must be disclosed to the Panel/Chairperson, SustainAbility, and the Foundation. Any change in status must be reported immediately to the Panel/Chairperson, SustainAbility, and the Foundation. The Foundation, SustainAbility, and Panel members share mutual responsibility for adherence to this requirement.

### **Time Commitment & Honorarium**

The time commitment asked of Panel members will include:

- Participation in up to four in-person meetings per year (such meetings will be held in either New York or London, and may be up to two full days in duration)
- Teleconferences and email communication between meetings as necessary to support and provide advisory input on key Index milestones (frequency and duration to be determined by Panel)
- Preparatory reading as necessary to contribute to Panel meetings and teleconferences (approximately 2 to 12 hours per meeting)

Final determination of the schedule is the responsibility of the Chairperson, in consultation with SustainAbility, Euromonitor, and the Foundation.

Panel members will be offered an honorarium for the initial term (September 1, 2019 to September 30, 2020). The Chairperson will be offered an additional honorarium in recognition of the added responsibilities and associated time commitment (amount to be determined commensurate with agreed duties).

SustainAbility will cover all approved meeting-related travel expenses of Panel members, consistent with its internal travel policy.

**Note:** SustainAbility is a consultant to the Foundation and is being compensated for the time and effort contributed to provide resources and secretariat services to the Panel.

# Procedures

## Number of Meetings

The Panel will meet at least once per quarter. Up to three meetings per year will be in person. The Panel may meet by teleconference on an as-needed basis.

## Meeting Agendas

SustainAbility is responsible for developing the agenda for each meeting, with the advice and support of the Chairperson and in consultation with other Panel members, the Foundation, and Euromonitor as appropriate.

## Subcommittees

The Panel may establish subcommittees to focus on specific issues. These subcommittees will report back to the Chairperson regarding any activities and findings.

## Participation of Others

At least one representative of the Foundation, SustainAbility, and Euromonitor will attend each formal, quarterly meeting of the Advisory Panel. Additional participants at other meetings of the Panel will be at the discretion of the Chairperson. SustainAbility will provide secretariat services to the Panel, including assistance with facilitation, note-taking, and follow-up on decisions and outcomes for each meeting.

External subject matter experts or other outside parties may address the Panel on specific topics, at the discretion of the Chairperson. SustainAbility will assist with any related staffing, travel, or other necessary arrangements.

## In Camera Sessions

The Advisory Panel has the right to reserve time for exclusive *in camera* sessions, either as part of in-person meetings or via teleconference. At the Panel's discretion, members of the SustainAbility team may be present to assist with facilitation and note-taking of *in camera* sessions.

The Panel will also have access to a private online space for digital file-sharing and collaboration.

## Reporting

Activities and recommendations of the Advisory Panel will be summarized and reported by SustainAbility to Panel members, Euromonitor, and the Foundation within 2 weeks of each meeting.

## Responsibilities

All parties are expected to be well-prepared for meetings and discussions, in order to make most effective use of the time together. Specific responsibilities for each party include:

### Panel Members

- Respond to requests for comment, availability, etc., in a timely fashion
- Read provided preparatory materials prior to meetings
- Come to meetings well-prepared to discuss agenda items
- Provide constructive, thoughtful feedback and input during meetings
- Submit comments and recommendations to the Index team
- Publish a thorough, independent report or statement on Index execution and future recommendations as agreed by all Panel members
- Specific responsibilities of the Chairperson are covered in a separate document

### SustainAbility

- Provide secretariat services to the Advisory Panel
- Ensure effective meeting facilitation
- Establish meeting dates well in advance
- Assist Panel/Chairperson to develop agendas and distribute to participants prior to meetings
- Provide participants with preparatory reading material well in advance of meetings
- Provide meeting minutes to Panel members, Euromonitor, and the Foundation
- Provide regular and timely communications to keep Panel members fully informed
- Ensure timely and detailed responses to the Advisory Panel's comments and recommendations
- Act as a conduit between the Panel and the Foundation upon request by the Panel

### The Foundation

- Communicate program objectives and other material information with Panel/Chairperson
- Provide financial and other resources, to be administered by SustainAbility, for the operation of the Panel
- Communicate the essence of discussions with and recommendations from Panel/Chairperson to appropriate Foundation staff and other applicable parties
- Provide timely and detailed responses to the Advisory Panel's questions, comments, and recommendations

### Euromonitor International

- Provide timely inputs and comprehensive update on Index design, data collection, compilation, verification, scoring, and reporting
- Provide timely and detailed responses to the Advisory Panel's comments and recommendations

## **Communications and Confidentiality**

Panel members are free to communicate among themselves and externally on subjects related to the meeting proceedings, issues discussed, recommendations, and outcomes. However, to encourage free exchange of ideas, meeting participants are expected to refrain from attributing specific comments to individuals.

Proceedings, discussions, and information related to index-making and scoring shall be kept confidential. Appropriate Index development information will be released publicly at the time of Index publication. Similarly, all non-public company data and data disclosed under the terms of a nondisclosure agreement shall be kept confidential at all times.

Any documents that the Foundation, project consultants, or Panel members consider to be confidential and not to be shared externally shall be labelled as such. Confidentiality undertakings in the Panel members' relationship with the Index shall survive any termination or withdrawal.

The Foundation will develop and execute the overall Index communications strategy and plan. SustainAbility and Euromonitor will be responsible for, or contribute directly to, specific documents in line with their designated responsibilities. Panel members will be kept fully informed and advised as needed, and may contribute insights and recommendations, but strictly in an advisory capacity.

A description of the Advisory Panel, along with the identities and brief biographical details of Panel members, will be posted on the Index website.