

Latest Tax Return Sheds Light on The Philip Morris-funded Foundation for a Smoke-free World

The Foundation for a Smoke-Free World ('the Foundation') was set up in September 2017, ostensibly as a scientific organisation aiming to "accelerate an end to smoking". It describes itself as an independent foundation, yet was set up with a pledged amount of nearly a billion dollars from global tobacco giant Philip Morris International (PMI). On 13th May 2019 the Foundation filed a tax return for its first full year of operation, 2018, providing new information on the organisation and those it funds.

The first analysis of this tax return was published in The Lancet on 6th June 2019. It concluded that the tax return "adds to the mounting evidence that...[the Foundation]...should be seen neither as an independent organisation, nor as a primarily scientific one" and suggests the Foundation may be failing on what appear to be key objectives – to be seen as independent, and to be seen as a legitimate scientific organisation. Findings from this letter and other recent academic analyses of the Foundation indicate:

01 The Foundation is still funded solely by PMI

The Foundation declared at its inception that it would be "seeking and expects to receive funding from other sources", in addition to the \$80 million pledged annually from PMI over twelve years. However, its 2018 tax return reveals it remains wholly reliant on PMI, having been unable to secure other funding.

02 The Foundation has spent more on public relations than on science

Despite claiming its aim is to "promote and support significant scientific research", the Foundation spent just \$6.46 million on 'grants and contributions' in 2018 – eight percent of its \$80 million annual donation from PMI. Indeed, several of the activities listed under 'grants and contributions' are for activities which appear to be more in line with public relations or advocacy objectives, such as the Foundation's sponsorship of the Conrad Challenge, and its grant to the International Network of Nicotine Consumer Organisations (INNCO) for "strengthening consumer organizations" and "promoting the needs and rights of nicotine users". As such, the true figure spent on the creation of scientific outputs is even smaller. The return does quote two further totals of \$19.2 million and \$100 million for future grants, but these are 'approved for future payment' and 'committed to' over the next five years, respectively. In contrast to the **\$6.46 million** actually spent on 'grants and contributions' in 2018, the Foundation spent more– **\$7.6 million**–on what it deems "communications", the majority spent on public relations companies. This supports the growing consensus that the Foundation primarily provides a public relations function for PMI.

03

The Foundation appears to be failing to spend its financial allocation on research

Allowing for an additional expenditure of \$7.03 million on staffing, this leaves \$47.5m of its annual funding from PMI unspent, suggesting the Foundation is having difficulty finding grantees to accept the funds it has received from the tobacco industry. One contributing factor may be the strong stance taken by the World Health Organization (WHO) and hundreds of public health organisations globally in rejecting collaboration with the Foundation. The organisation's staff turnover—with at least six senior staff leaving the Foundation in its first eighteen months—may also suggest the organisation is having difficulty convincing people (even those in its employ) of its legitimacy.

04

Despite the large PR expenditure, press coverage of the Foundation has been largely negative

An academic analysis of media coverage of the Foundation shows that, despite the millions spent on PR, in the Foundation's first six months of existence, only twenty percent of news articles framed it in a positive light. Press over that time primarily framed the Foundation's mission and vision with "doubt, scepticism, and disapproval."

05

The Foundation claims to be independent but is contracting PR, legal and research organisations with ties to the tobacco industry

The Foundation's decision to collaborate with companies who have worked to further the aims of the tobacco industry does not match the picture it paints of itself as an "independent, private foundation formed and operated free from the control or influence of any third party." Of the \$7.6 million spent on "communications" in 2018, \$5.2m went to Ogilvy Public Relations Worldwide, which (in previous incarnations) has worked with PMI since the 1950s and played a key role in developing campaigns to deflect attention from the harms of tobacco. \$665,000 was paid to Mercury Public Affairs who also earned \$150,000 in the same year working as the "Washington lobbyist on tobacco product legislation" for Altria (the American parent company of Philip Morris USA). The Foundation also paid law firm Baker & Hostetler LLP \$2.11 million in 2018 (out of a total \$2.58 million on legal fees). In 2015, the law firm represented PMI and other tobacco companies in arbitration over proposed adjustments to the Tobacco Master Settlement Agreement.

Two of the Foundation's 'Centres of Excellence' which are detailed as grantees in the tax return have prior tobacco industry links. One is the *Center of Excellence for the Acceleration of Harm Reduction* (CoEHAR) at the University of Catania, Italy, whose director, Riccardo Polosa, was awarded a research grant of nearly a million Euros from PMI to investigate its heated tobacco products in 2018. Another is the Glasgow-based Centre for Substance Use Research (CSUR), which has received funding from both PMI and British American Tobacco.

What more can be expected?

The tax return also sheds light on what else can be expected from the Foundation and those it funds in coming months:

- **More media outlets promoting tobacco industry-friendly messages:** The tobacco industry has a history of co-opting media outlets in order to disseminate industry-favourable messages. In 2018 and 2019, PMI funded Filter Magazine, Politico and Vice Media. Now, the Foundation is similarly funding media outlets, with \$190,000 allocated to Filter Magazine for “feature-length pieces, short pieces and original videos”.
- **More research centres and links with universities:** In addition to the centres mentioned above in Italy and Scotland, and one existing in New Zealand, the tax return shows the Foundation will be launching other ‘Centres of Excellence’ in India, South Africa, and the United States. The centre in New Zealand, named the “Centre of Research Excellence: Indigenous Sovereignty & Smoking” (COREISS) has already drawn intense criticism from Indigenous public health leaders who argue that PMI is using the Foundation to meet its own agendas which are “in stark contrast to the health and well-being agendas of Indigenous peoples”. For a full list of the Foundation’s upcoming ‘Centres of Excellence’ see here. Further funding of universities has been agreed, including for research on ‘agricultural transformation’ in Malawi. For a list of all grantees named in the tax return, see here.
- **Further events and publications from grantee Knowledge Action Change (KAC):** KAC, a “private sector public health agency” was paid \$787,082 by the Foundation in 2018. Its Global State of Tobacco Harm Reduction (GSTHR) Report, funded by the Foundation, argues against “onerous regulation or high taxation” of “safer nicotine products”. The tax return outlines further activities for KAC, such as the production of a “combination of online journals” and also “road shows” to promote the report. Two such events have taken place in Malawi and Kenya in March 2019, and the tax return suggests there are more to come. For more information, see TobaccoTactics page on KAC director, Gerry Stimson.

Takeaway messages:

The Foundation’s latest tax return serves as further evidence to support the growing consensus that it is essentially working as a front group for Philip Morris International, providing a “key public relations function” for the tobacco giant, rather than working as an independent scientific organisation.

Yet, it has not convinced the world of its independence, nor its scientific integrity. The first analysis of the tax return suggests that “as it reaches its second anniversary, the Foundation might be failing. It is seemingly struggling both to recruit independent researchers and to spend its resources on much other than public relations”. Further, despite the Foundation’s large expenditure on PR, the press has been framing it negatively, and its ‘Centre of Excellence’ in New Zealand has been criticised by public health experts. This briefing reiterates the conclusions drawn in the first analysis of the Foundation’s tax return, that “now more than ever, we must reinforce the hitherto successful calls from WHO and the public health community to reject collaboration with the Foundation.”

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