

Foundation for a Smoke-Free World, Inc.

Minutes of a Special Meeting of the Board of Directors

May 23, 2018

A meeting of the board of directors (the “*Board*”) of Foundation for a Smoke-Free World, Inc., a Delaware Foundation (the “*Foundation*”), was held by telephone on May 23, 2018.

The following directors participated:

Dyborn Chibonga
Zoe Feldman
Lisa Gable
Pamela Parizek
Michael Sagner
Martin Skancke
Derek Yach

The following Foundation staff participated:

Tom Harding, Chief Administrative Officer and Chief Financial Officer
Heather Majewski, Vice President, Global Services
Mica Wilson, Vice President, Marketing and Communications
Elizabeth A. Smith, Secretary

The following legal counsel participated:

Edward J. Beckwith and Naomi Meisels, both of Baker & Hostetler LLP

Ms. Gable chaired the meeting. Ms. Smith called the meeting to order at 10:00 AM EDT. Ms. Smith confirmed that Notice of the meeting had been duly given and that a quorum was present.

Opening Remarks

The Chair welcomed everyone and expressed her gratitude to the directors and Foundation staff for all the progress that has been made to date. The Chair highlighted the Foundation’s informative website and thanked Ms. Wilson for her efforts. She reported that Mr. Riahi is proceeding with the strategic plan for the Foundation and contacting Board members for their input. The Chair concluded her remarks by reminding Board members to submit their timecards and for Board Committee chairs to set up their quarterly Committee meetings.

The Board then engaged in a discussion of corporate record keeping and procedures to be followed.

Communication Protocols between the Board and Foundation Staff

The Chair then called on Mr. Beckwith to clarify the protocols that should be followed with respect to interactions between the Board and Foundation staff in order to ensure a constructive and collaborative relationship. Mr. Beckwith reminded everyone of the responsibilities of the Board and Foundation staff and that the Board sets the budget, priorities, policies and procedures that define the operations of the Foundation. In turn, the Foundation staff implements the directions established by the Board, day-to-day, under the leadership of the President.

Mr. Beckwith emphasized that the interactions between the Board and Foundation staff should be, for the most part, conducted between the Board Chair and the President or the President's designated Board Liaison, Ms. Majewski. At times, however, it is appropriate for Board members to work directly with Foundation staff and for staff to provide information directly to Board members. It is expected that senior Foundation staff will be in regular contact with Committee Chairs and that Committee Chairs will work directly with Ms. Rossetti to schedule quarterly Committee meetings. Mr. Beckwith concluded by reminding the Board that if at anytime a Board member feels he or she is not getting relevant and timely information relating to the Foundation, that should be raised, in the first instance, with the Board Chair, the President or with Ms. Smith, the Secretary of the Foundation.

Tax-Exempt Status

Mr. Beckwith reminded everyone that the application to the IRS for recognition of tax-exempt status was filed in November 2017, and explained that it is not unusual for the IRS to follow-up with questions particularly when the activities of an organization will be conducted outside of the U.S. The Foundation did receive questions from the IRS regarding the activities that it will conduct abroad and the Foundation's counselors filed a response last week with input from the staff and E&Y. Mr. Beckwith noted that the Foundation may get additional questions from the IRS but he does not expect any bar to obtaining tax-exempt status.

Overview of Expenditures, Distributions and Grants

Mr. Beckwith then turned to a summary draft prepared by the Foundation's counselors outlining the rules applicable to expenditures, distributions and grants made by the Foundation. He reminded everyone to always observe the following fundamental principles when administering the assets of the Foundation: (1) all charity all the time; (2) the mission drives the activities; (3) no private benefit; and (4) everything subject to the conflicts of interest policy. The summary is intended to provide guidance to Foundation staff and direct them to the appropriate policies of the Foundation. The summary provides brief descriptions of the requirements for: (1) contracts for goods and services; (2) grants to U.S. public charities; (3) grants to U.S. private foundations; (4) grants to foreign organizations; and (5) scholarships and prizes and awards. Mr. Beckwith concluded by noting that senior staff have reviewed the summary and that it will be shared with E&Y for their input.

President's Report

Dr. Yach provided a report on key strategic items. He informed the Board that the background checks on all scoping grantees have begun and are expected to be completed in the

next few weeks. In addition, in regard to Agriculture and Livelihoods, the registration process is underway in Malawi and the Foundation should have an official presence there in three or four months. The Foundation has also been collaborating with Michigan State University exploring policy research with the Malawi Ministry of Agriculture.

In regard to Health, Science and Technology, preparatory work for RFPs on biomarkers and harm reduction in high-risk populations is well underway. Mr. Riahi is leading the search to find well-qualified candidates for the Scientific Advisory Board and there have been positive discussions with several suitable candidates.

Dr. Yach then turned to the ways the Foundation can engage with diverse stakeholders and recommended developing a Stakeholder Council session where multi-stakeholders could hear firsthand about the Foundation's progress and raise concerns and questions in an open forum and dialogue. The plan is to have the first Stakeholder Council coincide with the Board's November meeting in London. The Board agreed that holding a Stakeholder Council is an important undertaking and could foster greater understanding.

Dr. Yach shared that May 31 is World No Tobacco Day and the Foundation is planning an advertising campaign to reach smokers, raise awareness and encourage innovative thinking.

Dr. Yach informed the Board that there are currently twenty-seven Foundation staff members. The staff represents a strong diversity in ethnicity and career background and is currently 55% female.

Finally, Dr. Yach announced that the Foundation kicked off an initiative this week with HumanitasGlobal to develop a white paper and case studies to align work with the Sustainable Development Goals (SDGs), a collection of global goals set by the UN covering a broad range of social and economic development issues, including good health and well-being.

At 11:15AM EDT, Mr. Skancke joined the meeting by telephone.

Audit Committee Report

The Chair then called on Ms. Parizek to provide an update on the Audit Committee. Ms. Parizek reported that the Audit Committee met in April and will meet again in June. The Audit Committee has been developing a corporate authorization matrix, with input from Mr. Harding, Ms. Smith and Board members, which will identify the levels of approval required for corporate actions, projects, contracts, expenditures, grants and other items. The corporate authorization matrix will be presented for approval at the June Board meeting.

With regard to risk inventory, the Audit Committee has conferred with Mr. Riahi to identify risks and collaborate on strategy and plans to have calls with Mr. Harding and Mr. Lutzweiler. The Audit Committee will present its finding at the June meeting.

Ms. Parizek highlighted the recent Panasonic Avionics FCPA enforcement action which resulted in significant penalties and the appointment of a compliance monitor and focused on the following lessons to heed: (1) the need to conduct due diligence on business partners and grantees; (2) the importance of monitoring internal controls; and (3) the importance of oversight of third

party relationships. The detailed monitoring procedures contained in the Foundation's Grant Policies and Procedures will go a long way towards managing and monitoring the grantee relationship.

Ad Hoc Strategic Planning Committee Report

The Board agreed at its March 22nd Board meeting to launch a strategic plan for the period 2019-2022. That process is underway led by Mr. Skancke and Mr. Riahi. Mr. Skancke informed the Board that calls have been scheduled with each Board member to get their views on the main strategic areas to focus on and prioritize. Mr. Skancke reported that the Committee expects to produce a draft strategic plan for the Board to discuss at its June 21st meeting, an update at the September 6th Board meeting and a final plan and associated budget to discuss and approve at the November 2nd Board meeting.

The Chair reminded everyone to formally set a Committee calendar and to keep timecards.

There being no more business before the Board, the meeting was adjourned at 11:40AM EDT.

IN WITNESS WHEREOF, I, the undersigned Secretary of Foundation for a Smoke-Free World, Inc., have duly attested to these Minutes of a Special Meeting of the Board of Directors of Foundation for a Smoke-Free World, Inc., effective as of May 23, 2018.

By Order of the Board:



Elizabeth A. Smith
Secretary