

Foundation for a Smoke-Free World, Inc.

Minutes of a Special Meeting of the Board of Directors

December 17, 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 December 17, 2018.

The following directors participated:

Dyborn Chibonga
Zoe Feldman
Paul Gardner
Darshita Gillies
Corinna Lathan
Andrew MacLeod
Pamela Parizek
Martin Skancke
Noriko Tojo
Derek Yach

The following Foundation staff participated:

Tom Harding, Chief Operating Officer and Chief Financial Officer
Farhad Riahi, Chief Health, Science and Technology Officer

The following legal counsel were present:

Elizabeth A. Smith, Secretary, together with Edward J. Beckwith and Naomi P. Meisels, all of Baker & Hostetler LLP

Mr. MacLeod chaired the meeting and called the meeting to order at 11:05 AM EST. Ms. Smith confirmed that Notice of the meeting had been duly given and that a quorum was present.

[Board Action 2018:9:1] Approval of Consent Agenda

The Chair noted the Consent Agenda and the back-up documentation for the Consent Agenda were previously circulated and reviewed by the Board prior to the Board meeting. The Consent Agenda included Approval of the Minutes of the Meeting of the Board held on November 12, 2018.

Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:

RESOLVED, that the Consent Agenda is hereby approved and adopted.

[Board Action 2018:9:2] Engagement of HST Consultant

Dr. Riahi provided additional details on the proposed engagement of the health, science and technology (“*HST*”) consultant. The Board discussed the engagement details and terms that would be included in the consulting agreement. After consideration, the Board determined it was in the best interests of the Foundation to proceed with the engagement of the HST consultant as proposed subject to certain additional limitations.

Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:

RESOLVED, that the Officers of the Foundation be, and each of them acting singly, hereby is authorized, directed and empowered to engage The Centre for Health Research and Education, a healthcare consulting company, at a cost of up to \$400,000, and to execute any agreement, certificates or other documents as may be necessary to carry out such engagement.

Health, Science and Technology Grant Committee

Dr. Riahi provided an update on the HST research agenda and a preview of the HST grant applications that will be submitted for review and approval by the Board at the February 2019 Board meeting. The grant applications focus on priority elements of the HST research agenda, as outlined in the Foundation’s Strategic Plan, and the applicants include a range of institutions based in India, Italy, the U.K. and the U.S. Dr. Yach noted the excellent quality of the grant applicants will accelerate the HST research agenda.

The Board then considered appointing ex-officio members of the Grant Committee. Ms. Smith confirmed the Foundation’s Bylaws provide that the Grant Committee may have non-director members and Dr. Riahi briefly described the benefits of having external experts, such as the Chair of the Science and Technology Advisory Group, join the HST Grant Committee. The Board agreed that having external experts on the Grant Committee would benefit the grant review process and it was decided that any proposed ex-officio member would have to be approved by the full Board.

At 11:30 AM EST, Dr. Riahi disconnected from the meeting and did not participate in the remainder of the meeting.

[Board Action 2018:9:3] Approval of the 2019 Budget

Mr. Harding noted an updated 2019 Budget, with input from the Chair of the Board Governance Committee, was distributed to the directors prior to the Board meeting. It is anticipated that grant-making will significantly increase in 2019. Mr. Harding also noted that a

significant amount of operating expenses for 2019 did include expenses related to direct charitable activities conducted by the Foundation.

Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:

RESOLVED, that the 2019 Budget, as presented, is hereby approved and adopted.

Board Governance Committee Report

Ms. Feldman reported that based on discussions at the November 2018 Board meeting, the Board Governance Policy was amended to clarify and strengthen some key requirements. The Policy will now provide a stronger process for pre-screening director nominees and a biennial review of Board Honoraria.

[Board Action 2018:9:4] Approval of Amended Board Governance Policy

Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolutions:

RESOLVED, that the Board Governance Policy, as amended, is hereby approved and adopted.

Update on Staffing

Dr. Yach informed the Board that Jim Jeffers, the HR Talent Director, is onboard and is a welcome addition to the staff and the search for a Vice President of Policy and Advocacy continues.

Agriculture and Livelihoods Grant Committee

Dr. Yach reported that the Foundation's regional economic diversification conference in Malawi in early December was successful and included key leaders and decision makers from Malawi, NGOs, and stakeholders from other regions. It will inform the Foundation's strategy and action plan to drive economic diversification. The Chair expressed appreciation to the Agriculture and Livelihoods ("Ag/L") team for their hard work in making the conference informative, innovative and successful. Ms. Parizek suggested the Malawi briefing package should be shared with the entire Board which will benefit from its review.

Dr. Yach reviewed seven (7) multi-year Ag/L grants which were previously discussed by the Board. These grants align with the Foundation's mission to address the agricultural consequences of reduced tobacco use and support tobacco farmers in their efforts to shift to more sustainable livelihoods. The total amount of the seven (7) multi-year grants recommended for funding and Board approval by the Grant Committee is U.S. \$26.34 million (of which, U.S. \$7.635 million is the amount available for distribution in 2018).

[Board Action 2018:9:5] Approval of Agriculture and Livelihoods Grants

Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:


RESOLVED, that the Board approves and authorizes the Foundation, acting through its officers, to make seven (7) multi-year Agriculture and Livelihoods Grants recommended for funding by the Agriculture and Livelihoods Grant Committee, in the total amount of U.S. \$26.34 million, subject to the satisfactory completion of background checks on the grantee organizations and key individuals.

At 12:05 PM EST, Mr. Harding disconnected from the meeting and did not participate in the remainder of the meeting.

Prior to moving into Executive Session, Ms. Parizek requested that the President of the Foundation work with his team to finalize the Foundation's risk assessment so it would be available for further review and inform a new determination of whether additional controls are necessary. The regular Board meeting adjourned at 12:12 PM EST.

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 December 17, 2018.

By Order of the Board:



Elizabeth A. Smith
Secretary