

Foundation for a Smoke-Free World, Inc.

Minutes of a Special Meeting of the Board of Directors

September 6, 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 September 6, 2018.

The following directors participated:

Zoe Feldman
Lisa Gable
Paul Gardner
Darshita Gillies
Corinna Lathan
Andrew MacLeod
Pamela Parizek
Martin Skancke
Derek Yach

The following Foundation staff participated:

Tom Harding, Chief Administrative Officer and Chief Financial Officer
Jim Lutzweiler, Vice President of Agriculture and Livelihoods
Heather Majewski, Vice President, Global Services
Farhad Riahi, Chief Health, Science and Technology Officer
Mica Wilson, Vice President, Marketing and Communications

The following legal counsel participated:

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

Ms. Gable chaired the meeting. Ms. Smith called the meeting to order at 10:34 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 for the benefit of the new Board members took a moment to review a list of objectives the Board has sought to accomplish since its initial meeting in November 2017: (1) instituting a fully functioning committee process; (2) establishing timelines based on quantitative and qualitative milestones; (3) developing a framework for appropriate and open engagement with third-parties; (4) creating a robust internal and external communication

plan; (5) developing a three-year strategic plan for the Foundation; and (6) adding well-qualified, innovative individuals to the Board with geographical breadth and diverse work experience. The Chair expects that all of these objectives will be met by the time the Board meets in person on November 12th.

The Chair then welcomed the new Board members: Darshita Gillies, Corinna Latham, and Paul Gardner. Darshita Gillies is a co-founder of Blu-Dot Advisory, a global-system integration service provider and was a manager at Standard Bank. Ms. Gillies is a steering committee member for the Business Alliance for the Future and founding director of the Conscious Capitalism UK chapter. She was raised in Mumbai, India and is active in the non-profit sector and brings a necessary regional perspective to the Board. Corinna Lathan is a scientific innovator with a background in biomedical and aerospace engineering. She co-founded AnthroTronix, Inc., a research and development company where she spearheaded the development of biomedical assistive devices and most recently, led the development of an FDA-cleared digital health platform. Dr. Lathan serves as co-chair of the World Economic Forum's Global Futures Council on Human Enhancement. Paul Gardner has over 35 years of experience in advertising, marketing and public education. He worked with a number of Australia's leading agencies across a variety of creative and account service positions prior to joining Grey in 1992 where he became Chairman of Australia and New Zealand from 1999 until 2012. Mr. Gardner then left Grey to start a business and marketing communications consultancy. A well-known commentator on both television and radio, Mr. Gardner has also been involved in the arts, education and numerous charities.

[Board Action 2018:6:1] Approval of Consent Agenda

Ms. Smith noted the Consent Agenda and the back-up documentation for the Consent Agenda items were previously circulated and reviewed by the Board prior to the Board meeting. The Consent Agenda included the following four items: (1) Approval of the Minutes of the Meeting of the Board held on June 21, 2018; (2) Approval of the Charters for the Executive, Audit and Board Governance Committees; (3) Approval of the amendment of the Prize and Award Policies and Procedures to include provisions regarding information and documentation requirements for U.S. tax reporting and withholding purposes; and (4) Approval of the Policies and Procedures for Individual Grants and Similar Payments and Authorization for the Officers of the Foundation to file Form 8940 with the Internal Revenue Service.

Ms. Smith asked if there were any questions or objections to the approval of the Consent Agenda items.

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

RESOLVED, that the Consent Agenda items be, and they hereby are, approved and adopted.

[Board Action 2018:6:2] Election of Chair and Vice Chair of the Board

Ms. Smith then recognized Ms. Gable's tremendous contributions and hard work as Board Chair during the Foundation's crucial first year. Due to the significant responsibilities and time commitments of Ms. Gable's new position as CEO of a leading food allergy foundation, she is

stepping down as Chair at the conclusion of the meeting. Mr. MacLeod, who has significant board and communications experience, has agreed to assume the role of Chair and Ms. Parizek, who has significant experience on audit, regulatory and risk management matters, has agreed to assume the role of Vice Chair.

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

RESOLVED, that Andrew MacLeod is hereby elected as Chair of the Board, effective with the end of the meeting.

RESOLVED, that Pamela Parizek is hereby elected as Vice Chair of the Board, effective with the end of the meeting.

The Board thanked Ms. Gable for her leadership and tireless efforts during the Foundation's critical first year of operations.

President's Report

Dr. Yach expressed his appreciation and gratitude to Ms. Gable for her leadership and support during the Foundation's inaugural year. Dr. Yach noted that the Foundation's one-year anniversary was only two days away and thanked the early staff who were indispensable in ensuring the successful launch of the Foundation. He reviewed the Foundation's progress as it closes in on year one, including: (1) instituting strong Board governance and committee structures; (2) making initial grants using the required due diligence process; (3) completing the Foundation's strategic plan in short order; (4) ensuring internal staffing and processes are all in place; and (5) disseminating new data and insights about ending smoking.

In regard to Health, Science and Technology, a major RFP for biomarkers has been launched and there has been early interest. In addition, a study on cessation products was completed under Dr. Riahi's supervision. Dr. Yach also reported that a Centre of Research Excellence was launched in New Zealand to positive response.

In regard to Agriculture and Livelihoods, there has been a good response to calls for Expressions of Interest for a Center for Agricultural Transformation in Malawi. The Foundation expects to reduce the 30 submissions it received to five finalists by the end of the month. Analytic research is underway on tobacco trade flows and on Brazil-China-Africa agricultural models.

Dr. Yach then reported on the Foundation's social media efforts to engage stakeholders and increase global awareness regarding the Foundation's mission that have reached 20 million across many outlets, including China, India and Mexico.

Dr. Yach shared that he will be delivering a speech at the Global Tobacco & Nicotine Forum in London in the second week of September regarding the imperative to accelerate transformation of the tobacco sector. Dr. Latif and Mr. Lutzweiler will also be speaking on panels at the Forum. During the Forum, the Foundation will launch an RFP to examine the necessary future transformation of the global tobacco industry and nicotine ecosystem. Further, in October,

the Foundation expects the release of a major tobacco harm reduction report drafted by a grantee funded by the Foundation.

Dr. Yach reported on the Stakeholder Council scheduled for November 13, 2018, in London. At the Stakeholder council, the Foundation will present its strategic plan followed by a question and answer period with a moderator. The purpose is to have an open forum and dialogue with diverse stakeholders who will advise the Foundation on concerns and suggestions regarding the Foundation's strategic direction and progress over the past year.

Audit Committee Report

Ms. Parizek informed the Board that the Audit Committee approved its charter and also approved the E&Y audit plan and engagement letter.

Ms. Parizek reminded everyone that in order to receive the next funding the Board is required to present a unanimous attestation to PMI Global Services, Inc. ("PMI") prior to January 15, 2019 that the Foundation has satisfied ten milestones enumerated in the Pledge Agreement for the year 2018. The Committee is charged with overseeing compliance with these Pledge Agreement requirements and ensuring that the attestation is timely delivered to PMI. Mr. Beckwith informed the Board that a draft attestation would be provided to the Committee for its review and approval prior to circulation to the Board. The next attestation is due May 2020, which requires both a Board unanimous attestation and an external auditor report. Ms. Parizek requested that the precise requirements for the May 2020 attestations be discussed in more detail during the November Board meeting.

Board Governance Committee Report

Mr. MacLeod welcomed the new directors and reported that the current director nominee with an innovative Japanese corporate background is undergoing a background check. The objective is to have two more new directors join the Board who have a geographic focus in India, China or Africa and who have medical or public health expertise.

Executive Committee Report

Ms. Gable reported that Baker & Hostetler, LLP, as counsel to the Foundation, re-engaged Quatt Associates to evaluate the compensation of the senior staff of the Foundation to assist the Board in setting compensation for 2019. Quatt Associates will also re-evaluate Board honoraria for 2019. She also reported that the documents are in place to establish the Swiss branch office of the Foundation. The Foundation will now have a presence in both Malawi and Switzerland. Ms. Gable concluded by encouraging all Board members to nominate new director candidates with specific geographical focus.

Signature Regional Economic Diversification Conference

Mr. Lutzweiler informed the Board that as part of the Foundation's Agricultural Transformation Initiative to support tobacco farmers in their efforts to shift to more sustainable livelihoods, the Foundation plans to organize a signature regional economic diversification conference (the "Conference") in early December in Malawi. Mr. Lutzweiler explained that

Malawi was chosen because it is the most tobacco-dependent economy in the world and has a great need to diversify its economy to alleviate poverty and food insecurity. The Conference would convene over two days and would address three core objectives: (1) Economic Diversification; (2) Innovation and (3) Policy. The Conference expects to welcome 75 to 100 participants including key leaders and decision makers from Malawi, NGOs, and stakeholders from other regions to inform a strategy and action plan to drive economic diversification.

The Foundation sought approval to engage The Palladium Group (“Palladium”), a global impact firm working to link social progress and commercial growth, to lead the design, organization, facilitation and management of the Conference at a cost of \$302,808. Palladium is the implementer of USAID’s flagship Feed the Future program in Malawi and has access to a global network of thought leaders and investors with experience in the type of economic transformation the Foundation seeks to achieve in Malawi.

[Board Action 2018:6:3] Approval of Engagement of Palladium

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 Palladium to design, organize, facilitate and manage the Conference at a cost of \$302,808, and to execute any agreement, certificates or other documents as may be necessary to carry out such engagement.

Science Oversight Committee Report

Dr. Riahi reported that the Agriculture Advisory Board is fully functional and now has seven members with a broad range of experience across many sectors, including, agriculture, trade and investment, and entrepreneurs along with operating experience in Africa.

The Scientific and Technical Advisory Group currently has four members with experience across the scientific spectrum, including, science and technology, epidemiology, and health operations and are based in the U.S., Europe and India. The search for additional well-qualified scientific advisors is continuing.

Ad Hoc Strategic Planning Committee Report

Mr. Skancke and Dr. Riahi led a high-level review of an updated draft strategic plan for the Foundation for the three year period, 2019-2021. The Committee sought the Board’s input regarding the content of the strategic plan. Dr. Riahi discussed the strategic framework and the set of objectives and priorities for the three-year plan. The Board agreed with the strategic objectives and priorities outlined in the updated plan to further the Foundation’s mission of ending smoking.


At 12 Noon EDT, Ms. Gillies left the meeting.

With regard to risk management, Ms. Parizek suggested that the Board discuss ways to mitigate risk exposure in more detail at the November Board meeting. In addition, Mr. Skancke suggested that time be allocated at the November Board meeting to engage in a board workshop to facilitate better communications, the quality of interactions among Board members, and to maximize and optimize the time spent together to improve Board productivity and performance. Dr. Riahi informed the Board that the Committee expects to provide a final strategic plan and associated budget to discuss and approve at the November 12th Board meeting.

Ms. Smith reminded the directors that the next scheduled Board meeting would be in-person in London on November 12, 2018, followed by a meeting of the Stakeholder Council on the morning of November 13, 2018. The meeting adjourned at 12:30 PM 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 September 6, 2018.

By Order of the Board:



Elizabeth A. Smith
Secretary