Foundation for a Smoke-Free World, Inc.

Minutes of a Special Meeting of the Board of Directors

April 30, 2019

A meeting of the board of directors (the "*Board*") of Foundation for a Smoke-Free World, Inc., a Delaware Foundation (the "*Foundation*"), was held at the offices of Baker Hostetler, 45 Rockefeller Plaza, New York, N.Y. 10111 on April 30, 2019.

The following directors participated:

Dyborn Chibonga
Zoe Feldman
Paul Gardner
Darshita Gillies
Corinna Lathan
Pamela Parizek
Martin Skancke
Noriko Tojo
Derek Yach (who joined by telephone conference)

The following guests were present for a part of the meeting:

Dr. Jed E. Rose, President and CEO of the Rose Research Center; Director of the Duke Center for Smoking Cessation; Professor, Department of Psychiatry and Behavioral Sciences, Duke University Medical Center

Dr. Marewa Glover, Director, Centre of Research Excellence: Indigenous Sovereignty & Smoking; Scientific Advisor, International Network of Nicotine Consumer Organizations; Associate Member of New Nicotine Alliance UK

The following Foundation staff participated:

Tom Harding, Chief Operating Officer and Chief Financial Officer
David Janazzo, Vice President, Industry Transformation and Finance
Jim Jeffers, Director of Talent
Alexandra Solomon, Senior Research Analyst for Ethics and Human Rights

The following legal counsel were present:

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

Ms. Smith called the meeting to order at 9:39 AM EST and confirmed that Notice of the meeting had been duly given and that a quorum was present.

Ms. Parizek, Vice-Chair of the Board, acted as Chair of the meeting.

Opening Remarks

Dr. Yach welcomed the directors and reported that the Foundation is preparing for its first meeting of all of the Health, Science and Technology ("*HST*") Grantees in May in Bethesda, Maryland. The Foundation expects approximately 40-50 Grantees to attend the meeting and anticipates the sharing of expertise, experience, research and information will provide valuable insight, strengthen capabilities, identify synergies and foster collaborative relationships. The Foundation intends to provide close communication support to the HST Grantees to publicize research and scientific output that furthers the Foundation's mission to eliminate smoking worldwide in this generation.

[Board Action 2019:3:1] Approval of Consent Agenda

Ms. Smith 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 Meetings of the Board held on February 12, 2019 and March 28, 2019, respectively.

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 2019:3:2] Strategic Plan Update

The Foundation regularly reviews and evaluates its 3-year Strategic Plan and has concluded that continuing work on the Foresight Map project at this time is no longer advisable. Dr. Yach explained the allocation of Foundation staff and resources is better utilized for the Smoke-Free Index® project which has gained momentum and will accelerate industry transformation. The Foresight project requires additional time and significant internal and external capabilities and will be re-visited in the future. Dr. Yach also reported that Ms. Majewski is leading a new smoking and insurance project anticipated to have significant implications for the private sector. The Foundation is coordinating the project with valuable input and assistance from Marsh & McLennan. Dr. Yach also shared that the HST and Agriculture and Livelihoods ("*AG/L*") agendas are proceeding on track as outlined in the Strategic Plan.

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

> **RESOLVED**, that the Board has determined that it is in the best interests of the Foundation to remove the Foresight Map strategic objective and project from the Foundation's 2019-2021 Strategic Plan and hereby approves and confirms the 2019-2021 Strategic Plan in all other respects.

Audit Committee

As chair of the Audit Committee, Ms. Parizek reported on the Committee's call with the E&Y audit team to review the 2018 financial audit of the Foundation. Mr. Janazzo noted the E&Y audit team conducted audit sampling, testing and verification and no material weaknesses were identified. Mr. Janazzo informed the Board that E&Y expects to issue an unqualified opinion on the Foundation's financial statements for the year ended December 31, 2018.

Drafts of the 2018 IRS Form 990-PF and NY Form CHAR500 were prepared by E&Y and were provided to the Board in advance of the meeting. Mr. Janazzo provided a high-level executive summary of the Form 990-PF, including the Foundation's grant and direct charitable activities, income and expenses. Mr. Beckwith noted that a link to the Foundation's interactive 2018 Annual Report will be provided in the Form 990-PF to allow the public easy access to additional information on the Foundation, its mission, activities and progress.

Mr. Janazzo then reviewed and referred to the draft 2018 Annual Report. The Annual Report is in digital format and is expected to go live on May 15, 2019. The Annual Report is highly interactive and features several videos that showcase the Foundation's mission and work, including videos on industry transformation, accelerating progress, the Foundation's grants pipeline and agricultural initiatives in Malawi.

[Board Action 2019:3:3] Approval to File 2018 Form 990-PF and Form CHAR500

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

> **RESOLVED**, that the officers of the Foundation are authorized and directed to file: (1) the 2018 Form 990-PF, *Return of Private Foundation*, with the Internal Revenue Service; and (2) the 2018 Form CHAR500, *NYS Annual Filing for Charitable Organizations*, with the NYS Office of the Attorney General, Charities Bureau Registration Section.

[Board Action 2019:3:4] Approval to Dissolve Swiss Entity and Close Swiss Branch Office

The Board next discussed the Swiss branch office and whether it was appropriate to dissolve the Swiss entity at this time. Ms. Smith reminded the Board that with the departure of Dr. Riahi in early 2019, only one Foundation employee remains in Switzerland. Mr. Harding noted that there are no plans to hire additional employees in Switzerland and there no longer exists a need for a Swiss branch office. Mr. Skancke supported keeping Foundation staff in the New York and Washington, D.C. hubs, to the extent practicable, to foster staff collaboration and continue to build the Foundation culture. A discussion then ensued among the Board members regarding the best course of action with respect to the Swiss branch office. After careful consideration, the Board determined that it was in the best interests of the Foundation to dissolve the Swiss entity and close the Swiss branch office.

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

RESOLVED, that the Swiss entity be dissolved and its business affairs wound up in accordance with the provisions of Swiss law as soon as practicable; and be it further

RESOLVED, that any officer of the Foundation, acting singly, is authorized and directed, to take such actions and to make, execute, deliver and file on behalf of the Foundation and/or the Swiss entity, as the case may be, any and all documents as may be necessary or desirable to wind up and dissolve the Swiss entity.

Updated Dashboard, Risk Register and Budget

Dr. Yach reported and referred to the dashboard that provides a succinct overview of the Foundation's deliverables with status updates. Dr. Yach informed the Board that Nielsen is fully engaged to manage the 2019 Global Poll that will focus on seven countries: India, South Africa, Greece, Norway, Japan, the U.K. and the U.S. Ms. Gillies suggested that the dashboard highlight changes from quarter to quarter. Mr. Harding reviewed a few items on the risk register including weather-related issues in Malawi. Mr. Skancke suggested that the risk register be more detailed and specific about mitigating factors. He also suggested the risk register categorize separately the countries of Malawi, China and India and then categorize further the specific operational risks in each country. Presenting separate, detailed risks should assist in determining whether mitigating factors can and are addressing these risks.

Mr. Janazzo then presented a budget update through March 31, 2019, and explained the process of transitioning the Foundation's accounting method from cash basis to accrual basis. Mr. Skancke commented on the achievements of the past 18 months and the building of the Foundation's infrastructure which required significant outside resources. Mr. Skancke pointed out the Foundation should now focus on building internal capacity and suggested the dashboard include more in-house deliverables. Dr. Yach noted the Foundation has made reasonable progress towards internalizing communication work but long-term development planning is required in this and other areas. The Board agreed to include a strategic session on building out the Foundation's internal capabilities at the in-person Board meeting in November 2019.

Board Governance Committee

As Chair of the Board Governance Committee, Ms. Feldman reviewed the engagement of RSR Partners ("*RSR*"), a global executive search firm with particular expertise in board recruitment. RSR is assisting the Board in finding two to three well-qualified director candidates. RSR has interviewed all the directors except Dr. Yach and is developing director questionnaires. It is expected that RSR will provide its recommendations and a Board strategic document to the Committee in the next three to five months. In the short term, in the next three weeks, RSR will provide the Committee its recommendations regarding the current Board committee structure. The Board next discussed director elections and the election of a Board Chair to be conducted at the November 2019 Board meeting.

Mr. Beckwith next reported on the Board honoraria for 2019 and the updated report received from Quatt, an independent, recognized compensation consulting firm. The updated Quatt report compared the Board members average time commitment per month and per week to market board compensation and re-confirmed that the Board honoraria is reasonable and within industry guidelines. Mr. Beckwith reminded the directors to keep an accurate record of the time

spent on Board activities so that each director receives full credit for the hours spent. Directors should either log Board hours on the Foundation's portal or maintain individual spreadsheets.

Scientific Content Presentation

Dr. Yach next introduced Dr. Jed E. Rose and Dr. Marewa Glover, two of the Foundation's Grantees, who each delivered a presentation based on the scientific research each is currently conducting. Dr. Rose is President and CEO of the Rose Research Center, Director of the Duke Center for Smoking Cessation and Professor, Department of Psychiatry and Behavioral Sciences, Duke University Medical Center. Dr. Rose is a co-inventor of the nicotine skin patch and other treatments for smoking cessation. Dr. Glover is the Director of the Centre of Research Excellence: Indigenous Sovereignty & Smoking, New Zealand; Scientific Advisor to the International Network of Nicotine Consumer Organizations ("*INNCO*"); Recipient of the 2018 Professional Advocate Award, INNCO; and a 2019 Finalist in Kiwibank's New Zealander of the Year.

Dr. Rose's presentation discussed therapeutic strategies for quitting smoking and what current treatments fail to address; behavioral therapies versus pharma therapies; studies on sensatory effects and cravings; nicotine replacement therapies; inhalation response studies; and financial incentives to stop smoking. With the grant awarded by the Foundation, Dr. Rose proposed three major activities: (1) clinical research studies to evaluate new smoking cessation and harm reduction strategies; (2) using preclinical paradigms to screen novel candidate treatments and treatment combinations; and (3) disseminating knowledge to health care providers so they may implement state of the art treatments to patients. At the end of Dr. Rose's presentation, the Board engaged in a robust Question and Answer period.

Dr. Glover, a behavioral scientist, discussed her background in public health and her full-time dedication and focus to disease reduction and tobacco control. Dr. Glover approaches smoking cessation from a holistic, cultural and social perspective. The Foundation provided a grant to Dr. Glover to develop a Centre of Research Excellence in New Zealand. The international research center focuses on ending smoking among the Maori population, indigenous people in New Zealand. Dr. Glover explained that Maori women of childbearing age have the highest rates of smoking in New Zealand. Dr. Glover is leading a study on promoting smoke-free pregnancies among Maori women and her team has begun mapping smoking rates of all indigenous people. Dr. Glover also discussed how therapies that may work in the general population may not work for indigenous people and what can be done. Following a lunch break, the Board again engaged in a Question and Answer period with Dr. Rose and Dr. Glover.

At 1:30 PM EST, Drs. Rose and Glover left the meeting.

Health, Science and Technology Grant Committee

Dr. Yach presented the HST grant applications for review and approval by the Board. Dr. Yach reminded the Board that at the February 12, 2019 Board meeting, the Board approved funding for a multi-year Tobacco Harm Reduction Scholarship Programme operated by Knowledge Action Change ("*KAC*"), in the amount of U.S. $1,973,770. Foundation staff subsequently discovered the KAC grant documents submitted for the February Board meeting did not reflect the full and final budget including resources to support a subset of scholars who have been selected for additional mentoring and support based on the exceptional quality of their work.

The HST Grant Committee therefore recommended for Board approval an additional grant to KAC in the amount of U.S. $913,790 to bring the total funding to KAC to U.S. $2,887,560.

The HST Grant Committee also recommended for Board approval a grant to Cambridge Design Partnership Ltd., in the amount of U.S. $791,436, to address, and engage with stakeholders to identify, the fundamental reasons why reduced risk products are not more accessible within low- and middle-income countries.

Agriculture and Livelihoods Grant Committee

Dr. Yach reviewed the proposal from the Institute of International Education ("*IEE*") to establish, manage and administer an Agricultural Transformation Initiative ("*ATI*") Fellowship and Scholarship Fund in Malawi and other tobacco-producing countries in the region. IEE, a leader in international education and exchange, brings its depth of experience managing global programs like the Fulbright Scholar Program to develop a network of Malawian scholars through world-leading institutions across the U.S., South Africa and Malawi who are committed to building local capacity to advance agricultural transformation in Malawi and other tobacco-producing countries. Through oversight of the ATI Fellowship and Scholarship Fund, IEE will support the Foundation's goals to build sustainable capacity for local involvement and ownership in seeking solutions for agricultural transformation, growth and development. The total amount of the multi-year grant recommended for funding and Board approval by the AG/L Grant Committee is U.S. $3 million (of which, U.S. $1,286,969 is the amount available for distribution in 2019).

[Board Action 2019:3:5] Approval of HST and AG/L Grants

Prior to the meeting, the Board was provided substantial background material with regard to the proposed HST grants and the ATI Fellowship and Scholarship Fund.

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 (i) an Additional HST Grant recommended for funding by the HST Grant Committee to KAC in the amount of U.S. $913,790; (ii) an HST Grant recommended for funding by the HST Grant Committee to Cambridge Design Partnership Ltd., in the amount of U.S. $791,436; and (iii) a multi-year AG/L Grant recommended for funding by the AG/L Grant Committee to the Institute of International Education in the total amount of U.S. $3 million.

[Board Action 2019:3:6] Approval of Gender Policy

Ms. Solomon presented the Foundation's proposed Gender Policy which documents the Foundation's commitment to gender equality and the application of a comprehensive gender perspective to the Foundation's work. The policy is grounded in the Foundation's Strategic Plan and wider commitment to the UN's Sustainable Development Goals ("*SDGs*"), which highlight the centrality of gender equality and the WHO Framework Convention on Tobacco Control, which explicitly recognizes the need for a gender perspective and the full participation of women at all levels of policy-making and implementation. Ms. Solomon elaborated on the rationale for the policy from an HST, AG/L and Industry Transformation perspective. She also reviewed the

Foundation's commitments with regard to organization-wide gender equality, increasing the participation of women, and gender-related grantee requirements. Dr. Lathan recommended that the policy be consistent with the UN SDGs and the Board agreed that the policy should be modified accordingly.

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

> **RESOLVED**, that the Gender Policy, with the modifications requested by the Board, is hereby approved and adopted.

At 2:19 PM EST, Ms. Solomon left the meeting.

Excellence in the Workplace: Performance Management and Enhancement

Mr. Jeffers delivered a presentation on "excellence in the workplace" and discussed the development of a culture of respect and transparency, science and innovation and diversity. He discussed a number of initiatives the Foundation has launched including the exceptional work environment initiative and the employee enhancement initiative. The Foundation has also launched a performance management program that includes annual goal setting, active year-round coaching, formal coaching sessions, performance recognition awards and year-end talent management roundtables. Mr. Jeffers concluded by noting that employees in both New York and Washington, D.C. are in compliance with new guidance and laws on combatting sexual harassment.

At 2:40 PM EST, Mr. Jeffers left the meeting.

Sexual Harassment Prevention Training

Mr. Muldowney led a sexual harassment prevention training for the Board. He noted that Mr. Jeffers and Ms. Solomon had previously led a training on sexual harassment prevention for Foundation staff in compliance with new guidance and laws. Mr. Muldowney emphasized that the Foundation will not tolerate any harassment. As part of the training, Mr. Muldowney reviewed, among other things, what constitutes sexual harassment; how to report sexual harassment internally and external reporting options; what constitutes retaliation; responsibilities of a supervisor/manager and mandatory reporting; and the investigation process.

Update on November 5, 2019 Board Meeting and New Business

Dr. Yach reported that plans are underway for the in-person November Board meeting in Catania, Sicily which will include a site visit to the University of Catania: Centre of Excellence for the Acceleration of Harm Reduction.

Mr. Skancke suggested changing the July Board telephonic meeting to an in-person meeting to be held in Washington, D.C. The Board unanimously endorsed Mr. Skancke's suggestion. Ms. Curry, Chief of Staff, will poll the Board regarding potential dates for the meeting.

APCO Worldwide Proposal

At the February 12, 2019 Board meeting, the Board reviewed the APCO Worldwide ("*APCO*") proposal which described a complex three-phase approach to establish and operate the Foundation in China. In Phase 1, the "Build" phase, APCO would establish the necessary framework for the Foundation, including governance, structural, staffing and support pieces. The Board requested that APCO provide a more detailed work plan and budget pertaining to Phase 1. APCO submitted an updated work plan and budget and after discussion, the Board determined the next step should be a briefing call with APCO to discuss the China strategy and obtain more detailed information regarding Phase 1, Phase 2 and Phase 3 of the proposal.

The Board also discussed whether it is appropriate to establish additional Board committees such as an India or Asia committee or a committee with responsibility for reviewing consulting agreements over a certain monetary threshold. The Board decided to add this committee discussion to the agenda for the July Board meeting.

At 4:10 PM EST, Ms. Smith noted the Board would now move into Executive Session and the regular meeting was adjourned. Dr. Yach disconnected from the meeting and did not participate in the Executive Session. Ms. Smith and legal counsel, Edward J. Beckwith, Mr. Muldowney and Ms. Meisels also left the meeting and did not participate in the Executive Session.

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 April 30, 2019.

By Order of the Board:

Elizabeth A. Smith

Elizabeth A. Smith
Secretary