

Foundation for a Smoke-Free World, Inc.

Minutes of a Special Meeting of the Board of Directors

May 24, 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 by Skype/Telephone on May 24, 2019.

The following directors participated:

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

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

Margery Kraus, Founder and Executive Chairman, APCO Worldwide
Mark Benson, Chairman, APCO Insight and Executive Director, Global Solutions,
APCO Worldwide

The following Foundation staff participated:

Tom Harding, Chief Operating Officer and Chief Financial Officer
Saisha Srivastava, Manager, Strategic Partnerships

The following legal counsel were present:

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

Dr. Yach called the meeting to order at 8:32 AM EST.

Ms. Parizek, Vice-Chair of the Board, acted as Chair of the meeting. At the request of the Chair, Edward J. Beckwith served as Acting Secretary of the meeting and confirmed that a quorum was present.

APCO Worldwide Presentation

Dr. Yach introduced Margery Kraus, Founder and Executive Chairman of APCO Worldwide (“*APCO*”) and Mark Benson, Chairman of APCO Insight and Executive Director in APCO’s Global Solutions practice. APCO has nearly 30 years of experience helping innovative organizations adapt and thrive in China’s fast-moving, rapidly changing market. Dr. Yach then turned to Ms. Srivastava to provide a brief overview of the strategic considerations in establishing the Foundation and its programs in China. Ms. Srivastava noted the importance of engaging in China where a full 25% of the world’s smokers (300 million) live and where the largest tobacco company in the world, the China National Tobacco Company, is located. China is also the global hub for development of reduced risk products.

Ms. Srivastava then turned to Ms. Kraus and Mr. Benson, seasoned experts in navigating China’s complex landscape, who delivered a formal presentation regarding APCO’s three-phase approach to establish and operate the Foundation in China. Ms. Kraus and Mr. Benson discussed key considerations in the China strategy, including, government relations and public affairs, communications and outreach, policy monitoring, regulatory and industry benchmarking, research audits and stakeholder analysis and mapping. In Phase 1, the “Build” phase, APCO would establish the necessary framework for the Foundation, including governance, infrastructure, staffing and support pieces. The budget for Phase 1 is U.S. \$1,300,000, including all activities of the APCO staff and retained consultants in China. Reasonable travel and related expenses will be billed at cost to the Foundation.

The Board then engaged in a robust discussion regarding Phase 1 of the APCO plan and the staffing of the APCO engagement. At the request of the Board, Mr. Benson will provide his curriculum vitae to the Board and Foundation.

At 9:13 AM EST, Ms. Kraus and Mr. Benson disconnected from the meeting and did not participate in the remainder of the meeting.

[Board Action 2019:4:1] Approval of the APCO Engagement

Following Board discussion, the Board agreed it was in the best interests of the Foundation to engage APCO to establish the Foundation in China as contemplated by Phase 1 of the APCO plan, as presented. Prior to the meeting, the Board was provided with APCO’s presentation and substantial background material regarding the plan for engagement in China.

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 APCO to establish the Foundation in China and establish the necessary governance, structural and staffing framework for the Foundation, as contemplated by Phase 1 of the APCO plan as presented, at a cost of U.S. \$1,300,000, plus reasonable travel and related expenses to be billed at cost to the Foundation, and to execute any agreement, certificates or other documents as may be necessary to carry out such engagement, provided any such agreement, certificate or document contains budget oversight and frequent accountability terms.

Audit Committee


As chair of the Audit Committee, Ms. Parizek provided an update on the Senior Staff travel expense audit conducted by Willkie Farr & Gallagher (“*Willkie*”) and reported that Willkie’s final report has been provided to Foundation counsel for appropriate disposition.

Dr. Yach then shared with the Board that the meeting of the Health, Science and Technology Grantees held earlier this week in Bethesda, Maryland was successful and he expects the sharing of expertise, experience, research and information will strengthen capabilities and foster collaborative relationships.

There being no more business before the Board, the meeting was adjourned at 9:20 AM 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 May 24, 2019.

By Order of the Board:



Elizabeth A. Smith
Secretary