



BOARD GOVERNANCE POLICY

Mindful of best practices and guidelines suggested by the United States Internal Revenue Service for setting the compensation of senior management, the Board of Directors of the Foundation for a Smoke-Free World, Inc. (“Foundation”) hereby adopts the following policies and procedures with respect to the governance of the Board of Directors (“Board”) and Honoraria and reimbursement provided to members of the Board (“Directors”).

NONDISCRIMINATION:

- The Board shall not discriminate against any individual Director or any Foundation staff on the basis of age, race, color, national origin, sex, sexual orientation, gender identity or expression, disability or any other classification protected by Foundation policy or applicable law.

ASSUMPTIONS:

- The Board will have 10-12 actively engaged Directors.
- The Board will be heavily engaged the first two years of operation as it works with staff to establish processes, procedures, external partnerships and accountability.
- The commitment of each Director to serve on the Board may require an average of 15-25 hours per month as well as extraordinary dislocation and absence from other professional and businesses commitments.
- Each Board member will maintain a contemporaneous record of time devoted to Foundation matters.
- With the goal of demonstrating good stewardship, the Foundation will cap direct Board related expenses in any given year, including honoraria and all Board travel reimbursement, to no more than 1% of the total annual grant commitments or \$800,000. This budget reservation will be reassessed after two years of operations and regularly thereafter.

TO PROPERLY DISCHARGE ITS FIDUCIARY AND GOVERNANCE RESPONSIBILITIES:

- The Board will meet in person at least twice a year (and at least twice each year by phone) and this will require significant international travel for many.
- The Board will set the policies of the Foundation, based on advice and guidance from the relevant committee.
- Each Director will serve as a chair or a co-chair of one committee and will serve on at least one other committee.
- Committees will meet telephonically once each quarter. The role of the Committees is to provide advice and counsel to the Board regarding the policies of the Foundation as well as to assist the staff when called upon to do so.
- In addition to formal Board meetings, there will be committee work and site visits as well as projects.
- The Board will conduct a formal self-evaluation annually and will regularly evaluate the

performance of the President of the Foundation. The President of the Foundation will regularly evaluate the performance of key staff of the Foundation and report to the Board.

BOARD HONORARIA:

- Board honoraria is being set for the first year at \$50,000, to recognize the extraordinary time commitment required of each Director to help launch a multi-year, multi-million worldwide organization.
- The Board Chair can withhold a Director's honoraria, pursuant to the recommendation of the Board Governance Committee, if circumstances so dictate.
- There will be an additional honoraria for the Board Chair commensurate with the additional time required to fully perform the duties of that position.
- The initial honoraria will be reassessed after the first year and regularly thereafter.
- All honoraria has been set and is supported based on survey information provided by Quatt Associates, an independent third party firm expert in such analysis.
- The 2018 honoraria will be calculated retroactive to January 1.
- Honoraria will be distributed quarterly and will be pro-rated for Directors who join or leave the Board during a fiscal year.
- All Directors will fly coach when scheduled travel time is 4 hours or less.
- All Directors may fly business class when scheduled travel time is more than 4 hours.
- All hotel and ground transportation shall be comfortable and safe but priced as reasonable as possible.
- All travel will be arranged through the Foundation to secure optimal pricing.

BOARD ELIGIBILITY:

- All Directors are subject to a strict Conflict of Interest Policy.

EX OFFICIO MEMBERS:

- Non-voting Committee advisors may be recruited outside of the Directors if special skills are required such as cyber security, audit and finance. Those individuals are not covered under this policy although approved travel expenses and costs associated with board membership will be reimbursed.