

Foundation for a Smoke-Free World, Inc.

Minutes of the Inaugural Meeting of the Board of Directors

November 3, 2017

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, New York 10111 on November 3, 2017.

The following directors were present:

Derek Yach
Lisa Gable
Michael Sagner

The following Guests were present:

Dyborn Chibonga, Program Head – Malawi & Mozambique Alliance for a Green Revolution in Africa (AGRA) Malawi Country Office

Marian Jacobs, a Board observer and a public health pediatrician and former Dean of the Faculty of Health Sciences at the University of Cape Town.

Tom Langford, Vice President of Ogilvy FKH

Craig Martin, Chief Executive Officer of Ogilvy FKH

Farhad Riahi, Partner of McKinsey & Company

Martin Skancke, a Board observer and independent consultant specializing in advising sovereign wealth funds on investment and governance and a former Director General and head of the Asset Management Department of the Norwegian Ministry of Finance participated by telephone

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

The following Foundation staff were present:

Tom Harding, Treasurer, Chief Financial Officer and Chief Operating Officer (“CFO/COO”)

Ehsan Latif, Program Director, Health and Smoking Control

Jim Lutzweiler, Vice President, Agriculture and Livelihood

Madeleine Smith, Strategic Research Analyst

Derek Yach chaired the meeting and called the meeting to order at 8:40 AM EST. At the request of the Chair, Elizabeth A. Smith acted as Secretary of the meeting. She confirmed Notice of the meeting had been duly given and that a quorum was present.

The Chair welcomed everyone to the meeting and spoke of the unique challenges a strong, fully informed and independent Board will face in pursuing the Foundation's mission to accelerate the end of smoking and at the same time addressing the economic consequences smoking cessation will have on the world's tobacco farmers.

[Board Action 2017:1:1] Election of Additional Directors

The Chair then turned to the election of additional directors. Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:

RESOLVED, that the following persons be, and they hereby are, elected as directors of the Foundation, each to serve until the close of the second next annual meeting of the directors and until his or her successor has been duly elected and has qualified or until his or her earlier resignation, removal from office or death:

Dyborn Chibonga
Zoe Feldman

Legal Orientation

The Chair then called on Mr. Beckwith to address the Board regarding Board structure, operations and legal and fiduciary obligations and responsibilities. He suggested the directors always remain mindful of "Process, Diligence and Fidelity." His presentation included a full review of: (i) the Board's fiduciary responsibility, including the duty of care and the duty of loyalty; (ii) the role of the Board and its committees; (iii) corporate governance best practices; (iv) the importance of protecting the Foundation's mission, independence and transparency; (v) the Foundation's legal structure and tax-exempt status; (vi) asset management for charitable organizations and the prudent investor rule; (vii) grant-making procedures; and (viii) the specific operating restrictions applicable to private foundations.

Mr. Beckwith also discussed the operation of Board committees and in particular the Audit, Science Oversight and Compensation Committees and the important criteria and principles that have been adopted in Article IX of the Foundation's Bylaws regarding Scientific Integrity to ensure the Foundation's freedom and independence from the influence of the tobacco industry and any commercial entity. On this point, the Chair explained that Article IX of the Bylaws is based on an article published in Tobacco Control regarding the criteria for accepting tobacco industry funding for tobacco-control research programs. The Board acknowledged the critical importance of Article IX of the Bylaws and the need for the Foundation to assure third parties that the Foundation is and will remain fully independent and will be operated in a transparent manner.

Mr. Beckwith also reviewed and led a discussion about the scope and importance of the Foundation's conflict of interest policy that is found in Article VIII of the Foundation's Bylaws.

[Board Action 2017:1:2] Confirmation of the Board of Directors and Election of Officers

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

RESOLVED, that the following individuals are hereby confirmed as directors of the Foundation:

Dyborn Chibonga
Zoe Feldman
Lisa Gable
Michael Sagner
Derek Yach

RESOLVED, that all officers of the Foundation are hereby removed, effective immediately;

RESOLVED, that the Board hereby elects each of the following individuals to serve as an officer of the Foundation in the capacity set forth opposite his or her name, and to hold such office until the next annual meeting of the Board and until their respective successors are duly elected and qualified, or until their respective earlier resignation or removal:

Derek Yach	Chairman of the Board and President
Tom Harding	Treasurer
Elizabeth A. Smith	Secretary

Contractual Obligations of the Foundation

Mr. Harding reported on the contractual obligations entered into by the Foundation since incorporation. Mr. Harding reported that six employees have accepted positions with the Foundation as follows:

Derek Yach	President
Tom Harding	CFO/COO
Jim Lutzweiler	Vice President of Agriculture and Livelihood
Ehsan Latif	Program Director of Health and Smoking Control
Claire Hohlt	Executive Assistant
Madeleine Smith	Strategic Research Analyst

Mr. Harding also reported on certain outside engagements or potential engagements of the Foundation, as follows:

McKinsey & Company	Consulting project (completed)
Ogilvy FKH	Communications
WeWork	Office space
Kantar	Global Research Firm (specializes in working with public entities and non-profit organizations)
TriNet	Payroll and Human Resources
inDinero	Day-to-day accounting and bookkeeping services
Ernst & Young	Proposed engagement as external auditor and tax advisor (to handle tax filing requirements)
Baker Hostetler	Legal services

In addition, Mr. Harding reported that an IT group has been engaged to set up phones, video conferencing, network, *etc.*

[Board Action 2017:1:3] Committee Appointments, Pledge Agreement, Application for Authority and Ratification of Prior Acts and Decisions

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

RESOLVED, that the following individual is hereby appointed to the Audit Committee, to hold such office until her successor is duly appointed and qualified or until her earlier resignation or removal:

Zoe Feldman

RESOLVED, that the following individuals be, and hereby are, appointed to the Science Oversight Committee, each to hold such office until his or her successor is duly appointed and qualified or until his or her earlier resignation or removal:

Dyborn Chibonga
Michael Sagner
Derek Yach

RESOLVED, that the Board hereby establishes a compensation committee of the Board (the “Compensation Committee”);

RESOLVED, that the following individual is hereby appointed to the Compensation Committee, to hold such office until her successor is duly appointed and qualified or until her earlier resignation or removal:

Lisa Gable

RESOLVED, that the Board authorizes and directs the Officers, and each of them acting singly, in the name and on behalf of the Foundation, to continue negotiations with Philip Morris International (“*PMI*”) and complete a formal and enforceable Pledge Agreement, by and between PMI, or any affiliate of PMI, and the Foundation which, *inter alia*, preserves and protects the Foundation’s full and complete independence;

RESOLVED, that the Application for Authority of the Foundation filed with the State of New York is hereby approved and adopted, and that the filing of such Application for Authority is hereby approved and confirmed;

RESOLVED, that, all acts taken and decisions made by the Incorporator, Derek Yach in his capacity as the Sole Director and as the President, Treasurer and Secretary of the Foundation since September 8, 2017, through the date hereof, are hereby approved and ratified in all respects.

President's Report

The Chair began his President’s Report by discussing the serious public health problem from cigarettes noting there are one billion smokers in the world and death rates from tobacco related products continue to rise. The Chair discussed his background and his lifelong professional efforts with respect to tobacco control.

Adequate funding for meaningful scientific research is viewed as the essential predicate to true transformation. In observing the scientific landscape, the Chair remarked there currently is limited scientific research outside of the United States and Europe in smoking cessation and harm reduction.

The Chair highlighted three major examples of reduced risk products used by millions. He cited an investor report on Japan by Cowen and Company that reports there has been a 13.4% decline in cigarette sales in a single year as smokers in Japan have switched to reduced risk products. The Chair also noted Sweden has the lowest cancer death rates in Europe probably because the Swedes have a popular reduced risk tobacco product called “Snus,” which is a form of smokeless tobacco that is usually placed under the upper lip. He also noted that 20 million people now use e-cigarettes. The Chair commented that in achieving its mission, the Foundation will face two obstacles: the current bias against harm reduction and unfounded challenges to the Foundation’s legal, financial and scientific independence. With respect to harm reduction, the Chair pointed to the strides made in the fight against the spread of HIV/AIDS through needle exchange programs. Harm reduction helps people live and benefits the public. The Foundation is very cognizant of the need to be and always remain fully independent. He quoted the admonition to “Trust First, Verify Always.”

The Chair reminded everyone the mission of the Foundation is to accelerate the end of smoking and to identify alternative crops and livelihoods for tobacco farmers as the global demand for tobacco declines. He emphasized Mr. Chibonga and Mr. Lutzweiler will build a strong agriculture platform to address the agricultural impact of smoking cessation.

The Chair also reported on recent Foundation activities including attendance at the 2017 World Food Prize Laureate Award Ceremony held in Des Moines, Iowa. The Chair noted, the World Food Prize is equivalent to the Nobel Prize for agriculture and this year the Prize was awarded to Dr. Akinwumi Ayodeji Adesina, the President of the African Development Bank and a former colleague of his at the Rockefeller Foundation. In addition, the Foundation convened a meeting in London with more than 20 experts in smoking cessation and harm reduction. The Chair asked Mr. Riahi to comment on that meeting. Mr. Riahi explained that the meeting focused on seeking participants' input on research gaps in the smoking cessation and harm reduction fields; on how to build research capacity, with a particular focus on countries where most smokers live; and on further measures and suggestions to strengthen the Foundation's scientific independence. One major observation from the meeting was that there were many areas of "white space" in scientific research, providing the Foundation with many opportunities to pursue innovative science and collaborations with centers of excellence.

The Chair also discussed a global poll that will be released early next year in 13 countries. This effort will quantitatively and qualitatively survey smokers, non-smokers and former smokers on attitudes and perceptions about smoking, quitting, addiction and risk.

[Board Action 2017:1:4] Preliminary Grant Awards

The Board discussed authorizing the officers to make a limited amount of grants through March 2018. Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolutions:

RESOLVED, that the Board approves and authorizes the Foundation, acting through its officers, to make grants up to \$2,000,000 in the aggregate through March 1, 2018 without further Board approval.

[Board Action 2017:1:5] Further Acts

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

RESOLVED, that the officers, and each of them acting singly, shall have the duties and authority to take all actions and to execute, deliver, and certify any and all documents which each of them is or which they may deem necessary, appropriate or advantageous to carry out fully the intent and purpose of each of the foregoing resolutions.

Communications

Craig Martin and Tom Langford reported on the communication efforts engaged in by Ogilvy FKH, including the website launch, media outreach, stakeholder engagement and the global poll development and execution. Messrs. Martin and Langford stressed the importance of transparency, and noted communications should be evidence based and aligned with the Foundation's mission and policies. They also reported on future social media efforts.

[Board Action 2017:1:6] Illustrative Budget

Tom Harding presented an Illustrative Budget for 2018. Upon motions duly made, seconded and unanimously carried, the Board adopted the following resolution:

RESOLVED, that the Board approves, ratifies and adopts the illustrative budget as presented by Mr. Harding.

Mr. Harding also reported that the Foundation is working with Marsh & McLennan Companies to address risk reduction and insurance requirements, including D&O, General Liability, Employment Practices Liability and Fiduciary Insurance.

Draft Pledge Agreement

The Board reviewed the draft of a Pledge Agreement that would confirm the 12-year commitment made by PMI to the Foundation. After a discussion, the Board suggested revisions to the draft Pledge Agreement and recommended a revised draft be forwarded to PMI's counsel for review.

Compensation

The Board discussed engaging Quatt Associates, Inc., a management consulting firm with expertise in the non-profit sector, to confirm job descriptions and provide independent, unbiased guidance with compensation surveys and to otherwise assist the Board in setting the compensation of the President and Senior Staff of the Foundation. The Board acknowledged the Compensation Committee will work directly with Quatt Associates with the assistance of counsel. The Board also determined that Quatt Associates will be engaged to provide guidance regarding any Board compensation and reimbursement policy that would, among other things, reflect the need for travel and site visits by the directors.

Application to the IRS for Recognition of Tax Exempt Status (Form 1023)

Mr. Beckwith reported the Foundation's Form 1023 is largely completed and any remaining required information will be incorporated immediately after the meeting. Mr. Beckwith informed the Board the Application will be filed as soon as it is complete.

Schedule of Board Meetings

The Chair asked the directors' preferences for the number and length of meetings. The Board considered having two in-person Board meetings and two telephonic Board meetings each year. The Board considered the need for a telephonic Board meeting in January 2018, followed by an in-person Board meeting in March 2018 in Washington, D.C. and possibly a site visit to Malawi followed by a Board meeting in late Spring or early Summer 2018.

The Chair thanked everyone for their time and enthusiasm for the Foundation's mission. The regular Board meeting adjourned at 3:15 PM EST.

[BOARD ACTION 2017:1:7] EXECUTIVE SESSION

The meeting moved into executive session at 3:15 PM EST. The Chair, all staff and invited guests left the meeting. The following directors participated in the executive session: Lisa Gable, Dyborn Chibonga and Michael Sagner. Also present were legal counsel, Edward Beckwith, Naomi Meisels and Elizabeth A. Smith.

The Board resolved to compensate the President at an interim level until the Board has the advice of Quatt and is able to fashion a final compensation package.

The Executive Session adjourned at 3:45 PM EST.

IN WITNESS WHEREOF, I, the undersigned secretary of this Meeting of the Board of Directors of Foundation for a Smoke-Free World, Inc., have duly attested to these Minutes of the Inaugural Meeting of the Board of Directors of Foundation for a Smoke-Free World, Inc., effective as of November 3, 2017.

By Order of the Board:



Elizabeth A. Smith
Secretary of the Meeting