



## GUIDELINES FOR CAPITAL EXPENDITURES

### 1. Equipment for Laboratories

- 1.1 All grant funds (each, a “Grant”) provided by the Foundation for a Smoke-Free World, Inc. (“FSFW”) to a grantee (“Grantee”) to purchase equipment are “restricted” funds. In addition, the amounts set out in a proposed budget submitted to FSFW by a Grantee will be treated as “tentative” until quotes are delivered to FSFW and approved by FSFW in its sole discretion. Any purchase of equipment with Grant funds from FSFW shall be by mutual written consent of FSFW and Grantee following the rules and procedures of acquisition of such materials by Grantee such as number of quotes, approvals from relevant committees, etc.; following such additional rules and procedures as FSFW may require; and consistent with the rules and regulations for charitable grants in the jurisdiction of Grantee.
- 1.2 During the purchase of equipment with Grant funds from FSFW, Grantee shall ensure the seller also offers and agrees to provide ongoing maintenance and repair of the equipment. Grantee shall have adequate comprehensive insurance coverage for equipment purchased with Grant funds from FSFW.
- 1.3 The use of equipment purchased with Grant funds from FSFW shall be primarily limited to research conducted by Grantee during the duration of the Grant. After the initial two-year period of the Grant, Grantee may offer the use of such equipment to other research institutions for activities that accelerate an end to smoking and other related public health matters or the diversification of tobacco dependent smallholder agriculture at subsidized rates, provided, however, that any net revenue received by Grantee from such use is distributed to enhance the research capacity of Grantee and its partners, if any, based in low- and middle-income countries. The accounts and annual reports of Grantee submitted to FSFW must clearly reflect such revenue and distributions. All use of equipment purchased with Grant funds from FSFW must be consistent with FSFW priorities and shall be communicated by Grantee during monitoring and evaluation visits by FSFW staff and advisers.
- 1.4 The equipment purchased with Grant funds from FSFW shall be jointly owned by FSFW and Grantee until the end of the Grant period or five (5) years from the date of the Grant, whichever is later. During such time, Grantee may not transfer, sell, lease, encumber, or dispose of such equipment.
- 1.5 In case of termination of a Grant or the inability of Grantee to fulfill the purpose of the Grant for any reason, FSFW may reacquire equipment purchased with Grant funds and transfer such equipment as FSFW determines appropriate in its sole discretion. In addition, while it is anticipated FSFW will rarely do so, FSFW may also reacquire equipment purchased with Grant funds and transfer such equipment in cases where a Grant is transferred to another Grantee and the

equipment purchased with Grant funds is needed to continue the research at such Grantee.

- 1.6 Grantee shall take a physical inventory of equipment purchased with Grant funds from FSFW and the results shall be reconciled with the equipment records at least annually or more frequently as FSFW shall reasonably request. Any differences between quantities determined by the physical inspection and those shown in the equipment records shall be investigated by Grantee to determine the cause of the difference. Grantee shall, in connection with such inventory, verify in writing to FSFW the existence, current utilization, and continued need for such equipment.
- 1.7 Grantee shall maintain a control system to ensure adequate safeguards to prevent loss, damage, or theft of equipment purchased with Grant funds from FSFW. Any loss, damage, or theft of such equipment shall be investigated and fully documented and Grantee shall promptly notify FSFW in writing of any such loss, damage, or theft within forty-eight (48) hours of discovering the loss, damage, or theft.
- 1.8 Grantee shall not use equipment purchased with Grant funds from FSFW to provide services to private and for-profit organizations for a fee that is less than private and for-profit organizations charge for equivalent services.
- 1.9 Grantee shall, in coordination and consultation with FSFW, use equipment purchased with Grant funds from FSFW for the project or program for which it was acquired and in a manner aligned with FSFW's research agenda as long as needed, whether or not the project or program continues to be supported by FSFW. When the equipment is no longer needed for the original project or program, Grantee may use such equipment in connection with its other research activities and shall provide a quarterly written report of such usage to FSFW. Any net revenue from such use of equipment shall be used to develop the capacity of Grantee and its registered not-for-profit partners, if any. Grantee shall file written reports to FSFW regarding the use of such net revenue at least annually or more frequently as FSFW shall reasonably request.
- 1.10 During the time that equipment purchased with Grant funds from FSFW is used for the program, project, or activity for which it was acquired, Grantee shall make such equipment available for use on other projects or programs if such other use will not interfere with the work on the program, project, or activity for which the equipment was originally acquired. First preference for such other use shall be given to other programs, projects, or activities funded by FSFW.

## 2. Vehicles

- 2.1 FSFW does not recommend use of Grant funds from FSFW for the purchase of vehicles to conduct research-related activities or other work as described in a grant agreement. This limitation is consistent with the best practices of other major foundations and philanthropic organizations, which take into account considerations such as running costs, maintenance, insurance, and security of personnel, among others.

- 2.2 Grantee shall consider renting vehicles and/or entering into rental agreements with service providers where appropriate to fulfill its Grant objectives through the use of vehicles, and any such rental charges should be included in the budget submitted to FSFW by Grantee.
- 2.3 Grantee acknowledges FSFW is not responsible for third-party claims, demands, losses, liabilities, costs, and expenses of any kind or nature whatsoever, including, without limitation, third-party claims of personal or bodily injury or death arising out of or relating to the use of any vehicle by Grantee or the security of staff of Grantee using any vehicle, and Grantee is solely responsible for any of the foregoing and Grantee shall exercise reasonable due diligence when acquiring and/or renting any vehicle.