

The David and Lucile Packard Foundation

AUDIT COMMITTEE CHARTER

Audit Committee Purpose: The Audit Committee (Committee) is established to assist the Board with oversight of the quality and integrity of the accounting, reporting, and auditing practices of the Foundation. The Audit Committee is established by the Foundation's Amended and Restated Bylaws ("Bylaws") as a standing Committee of the Board.

Membership: The Committee shall be composed of at least two (2) members. All members will also be members of the Board of Trustees. Each member of the Committee shall be independent. To be "independent," a Trustee shall not receive directly or indirectly any consulting, advisory, or other personal compensation from the Foundation other than in his/her capacity as a member of the Board or Board Committees. The Committee Chairman shall not be a member of the Finance Committee. Members of the Finance Committee may serve on the Audit Committee provided that such members constitute less than one-half of the Audit Committee. If the Chairman of the Board is not a member of the Committee, the Chairman may attend Committee meetings and vote on Committee actions. The President and CEO shall not be a member of the Committee.

Authority and Responsibilities: In carrying out the duties and powers described in the Bylaws, the Board grants the Committee authority and responsibility to:

- (1) Nominate, for approval by the Board, the firm of independent auditors to be retained. Recommend to the Board the retention and evaluation of the performance of the auditors selected to examine the annual financial statements of the Foundation. In this process, the Committee will discuss and consider the auditors' independence, the nature, rigor, and proposed scope of the audit process, including oversight of fees, receive and review all reports, and provide to the auditors full access to the Committee and to the Board to report on any and all appropriate matters. The Committee shall also pre-approve the nature and scope of audit and limited non-audit work performed by the auditors.
- (2) Maintain free and open communication (including private executive sessions) at least annually with the independent auditors and with the management of the Foundation.
- (3) Meet with the auditors and management at least annually to review the annual financial statements and footnotes, including a discussion of the suitability of accounting principles, review of judgmental areas, and consideration of audit adjustments whether recorded or not.
- (4) Receive and review the auditors' comments and suggestions; discuss with management and the auditors the adequacy and quality of the Foundation's internal controls, adequacy of staff, and policies, procedures and systems; and, make recommendations to the Board.

- (5) Review periodically communications, comments, or complaints made by employees regarding illegal or unethical behavior pursuant to the Foundation's whistleblower policy and procedures.
- (6) Obtain reports and information from officers, employees, and others as the Committee deems necessary. Investigate any matter brought to its attention with the power to retain counsel and/or experts for this purpose.
- (7) Report to the Board on Committee activities.
- (8) Review annually the Audit Committee Charter and recommend any changes to the Board.
- (9) Oversee compliance with the Code of Conduct and Conflict of Interest Policy for Board of Trustees and Officers.

Operations of the Audit Committee: The Committee Chairman, who shall be a member, shall preside at all meetings. Meetings may be in person or telephonic and the Chairman shall present any findings or recommendations to the Board. The Committee shall have the authority to delegate to subcommittees and to Foundation staff, consistent with the provisions of the Bylaws. A quorum shall consist of a majority of the members. Minutes shall be kept of each Committee meeting and shall be filed with the corporate records. The Committee shall conduct a performance self-evaluation that considers matters related to its responsibilities every two years after, and with input from, the Board self-evaluation process.