

# **The David and Lucile Packard Foundation INVESTMENT COMMITTEE CHARTER**

**Investment Committee Purpose:** The Investment Committee (Committee) is established to assist the Board with all investment-related matters, including policy and strategy matters, investment manager selection and implementation, and review for compliance and performance relative to objectives. The Investment Committee is established in the Bylaws as a standing Committee of the Board.

**Membership:** The Committee shall be composed of at least two (2) members, with the President and CEO being an additional ex officio voting member. The Chairman of the Committee and all members will also be members of the Board of Trustees. If the Chairman of the Board is not a member of the Investment Committee, the Chairman may attend Committee meetings and vote on Committee actions. In addition, up to four (4) additional individuals may be Advisors to the Committee and are welcome to participate in all aspects of Committee meetings and activities, except voting.

**Advisors:** The Advisors will be independent of the Foundation; that is they shall not receive directly or indirectly any consulting, advisory, or other fees for services to the Foundation, nor may they or their affiliated firms contract with the Foundation for investment advisory services until ceasing to be Advisors for a period of at least ninety (90) days after completion of their terms.

Advisors will promptly disclose to the Committee Chairman or Chief Investment Officer any affiliations with a proposed investment, fund, manager, or entity. The Foundation will not make an investment in any fund or entity managed, administered, or controlled by an Advisor (or affiliated firm).

Advisors may receive reimbursement for reasonable expenses incurred in attending Committee meetings, and may participate in the Matching Grant Program for Advisors to Board Committees.

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

- (1) Review and recommend for approval by the Board investment policies developed by the Chief Investment Officer (CIO) including investment objectives, organizational structure, and long-term asset allocation targets. Provide high level input on investment strategy and philosophy to the CIO and investment staff. Report quarterly to the Board regarding investment performance and, with the CIO, provide a detailed annual review of investment objectives, policy and strategy, and long-term asset allocation targets.
- (2) Approve the investment strategy and selection of investment managers, custodians, consultants and other investment professionals as appropriate and recommended by the CIO. Over time delegate responsibility to the CIO.

- (3) Approve the annual operating budget for the investment function and coordinate with the Finance Committee on budget activities.
- (4) Coordinate with the Finance Committee on payout policy in order to conform investment strategy to payout objectives.
- (5) With CEO, approve the hiring and termination of senior investment staff, including the CIO, and the engagement of search firms as needed. Serve as a search committee for positions involving a search firm. Periodically review, in conjunction with the CIO, the organizational chart and the duties and responsibilities of the investment staff.
- (6) In consultation with CEO set CIO and investment staff performance objectives. Recommend compensation, including structure and performance-based compensation, for senior investment staff to the Compensation Committee.
- (7) Perform other functions or duties as delegated by the Board or submitted by staff related to the management of the Foundation's endowment.
- (8) Select and appoint the Advisors to the Investment Committee, with the concurrence of the Committee on the Board. Advisors' terms are three years and an Advisor may serve additional three year terms with the approval of the Investment Committee and the concurrence of the Committee on the Board. Advisors serve at the pleasure of the Committee and the Board.
- (9) Review annually the Investment Committee Charter and recommend any changes to the Board.

**Reporting responsibilities of the CIO:** The CIO will report to the President and CEO of the Foundation for day to day administrative purposes, but will receive direction and guidance on investment matters from the Committee. The CIO and the CFO are expected to have a close working relationship. The Committee will review and, as appropriate, approve or recommend to the Board investment strategy and policy recommendations made by the CIO. The CIO and the Committee will agree on an appropriate review scope for investment manager and portfolio rebalancing decisions.

**Operations of the Investment 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. 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.