



Revised  
Nov. 14, 2007

## COMPENSATION COMMITTEE CHARTER – 2007

**Compensation Committee Purpose:** The Compensation Committee (Committee) is established to discharge the Board of Director's responsibilities regarding defining the overall compensation strategy for, and establishing compensation of executives of, the Lucile Packard Foundation for Children's Health (LPFCH), consistent with its mission and values and applicable legal and regulatory requirements. The Committee is created by resolution of the Board.

**Membership:** The Committee shall be composed of at least three (3) members, including the Chair and chairs of two standing committees. At least two (2) members shall also be members of the Committee on the Board. If the Chairman of the Board is not a member of the Committee, the Chairman shall attend Committee meetings and vote on Committee actions. The President and CEO shall not be a member of the Committee.

**Authority and Responsibilities:** The Board grants the Committee authority and responsibility to:

- (1) Review and approve LPFCH's compensation strategy to ensure consistency with its mission and values and applicable legal and regulatory requirements.
- (2) Have sole authority to determine the President and CEO's compensation levels. The Committee will consider, as the Committee deems appropriate, performance and personnel evaluations, past compensation, comparable compensation at peer and other relevant institutions, general market conditions and legal requirements.
- (3) Approve the compensation of the Chief Financial Officer and the Senior Vice President for Medical Affairs, considering, as the Committee deems appropriate, the criteria outlined in item (2) above.
- (4) Review the administration and any investments of LPFCH's compensation and benefits programs, as well as important and/or unusual employment/severance agreement provisions or other contractual arrangements, for other senior management to ensure such programs support the established compensation strategy. Approve the retention/removal of any service providers, investment consultants or trustees. Recommend to the Board the adoption of any new, or amendment of any existing, programs or arrangements.
- (5) Review benchmark information provided by outside consultants to ensure that compensation is reasonable and appropriate. The Committee shall have sole authority to retain and terminate any compensation consultant to be used to

assist in the evaluation of the President and CEO or other senior executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors. LPFCH will provide the Committee with appropriate funding to exercise its authority to retain consultants of advisors.

- (6) Report to the Board on Committee activities and compensation information.
- (7) Conduct an annual performance self-assessment review, including the adequacy of the Committee Charter, and recommend any changes to the Board.
- (8) Ensure basic information such as the Form 990 is provided to the Board and is available to the public through appropriate means.

**Operations of the Committee:** The Committee Chairman, who shall be nominated by the Committee on the Board and elected by the Board and 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 meet annually and more often as needed. The Committee shall have the authority to delegate to subcommittees and to LPFCH staff. A quorum shall consist of a majority of the members. Minutes and/or a memorandum summarizing the discussion and decisions taken at each Committee meeting shall be filed with the corporate records.