

*Charters of the Executive and Finance, Governance and Nominating,
Audit and Compliance, and Investment Committees of
The Commonwealth Fund*

November 9, 2004

Charter of the Executive and Finance Committee of the Board of Directors of The Commonwealth Fund

I. Purpose

The Executive and Finance Committee shall help the Board of Directors (the “Board of Directors”) of the Commonwealth Fund (the “Fund”) oversee the activities and management of the Fund, help structure meetings of the Board of Directors, serve as the Fund’s budget review and executive compensation committee, exercise oversight over key aspects of the Fund’s business, and provide the capacity for emergency action on behalf of the Board of Directors, within the limits prescribed by the Fund’s By-Laws and as set forth below. The Board of Directors may assign other duties to the Executive and Finance Committee from time to time as it deems appropriate and in the best interest of the Fund.

II. Membership

The Executive and Finance Committee shall consist of three (3) or more directors appointed by the Board of Directors. As provided by the Fund’s By-Laws, the Chairman of the Board of Directors and the President shall be members *ex officio* of the Executive and Finance Committee. The Chairman of the Board of Directors shall serve as chair of the Executive and Finance Committee. The chair of the Executive and Finance Committee shall be entitled to cast a vote to resolve any ties.

In accordance with the Fund’s By-Laws, the members of the Executive and Finance Committee shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Executive and Finance Committee may be removed for any reason by the Board of Directors.

III. Authority and Responsibilities

When the Board of Directors is not in session, the Executive and Finance Committee, subject to the limitations set out below and in the Fund’s By-Laws, shall have all the powers of the Board of Directors except those specifically vested in other committees or specifically reserved by the Board of Directors.

In accordance with the Fund’s By-Laws, the Executive and Finance Committee is not authorized to (a) fill vacancies in the Board of Directors or in any committee of the Board of Directors; (b) fix the compensation, if any, of the Directors for serving on the Board of Directors or on any committee; (c) submit to members

any action requiring members' approval under the New York Not-For-Profit Corporation Law; (d) amend or repeal the Fund's By-Laws or approve the adoption of new By-Laws for the Fund; or (e) amend or repeal any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

The Executive and Finance Committee periodically shall review the structure of Board of Directors' meetings and the flow of information from management to directors to prepare for such meetings.

The Executive and Finance Committee shall normally not make Board of Directors-level grants, but it may authorize appropriations between regularly scheduled meetings of the Board of Directors, subject to the Fund's By-Laws, so long as, among other things, the cumulative amount does not exceed ten percent (10%) of the total extramural grants budget for any fiscal year. The reports submitted by the Executive and Finance Committee to the Board of Directors pursuant to Section 8 of Article VIII of the Fund's By-Laws should include all charitable appropriations made by the Executive and Finance Committee since the date of the last meeting of the Board of Directors.

The Executive and Finance Committee shall review the Fund's annual budget prior to its presentation to the Board of Directors to help assure that the budget is reasonable and designed to advance the Fund's mission effectively.

The Executive and Finance Committee shall oversee evaluations of, at least annually, and as circumstances otherwise dictate, management.

The Executive and Finance Committee shall be responsible for reviewing annually the compensation of the Fund's President and Executive Vice President(s) and for recommending to the Board of Directors the compensation for these officers each fiscal year. The Executive and Finance Committee's recommendations on these individuals' compensation should be based, among other things, on performance assessments, information on the compensation of executives with similar responsibilities in peer organizations, and the Fund's financial circumstances. Neither the President nor any other staff member shall be present when the Executive and Finance Committee votes on its recommendation to the Board of Directors on executive compensation.

The Executive and Finance Committee shall review annually staff benefits, the Fund's business insurance coverage and the Fund's document retention policy.

The Executive and Finance Committee shall be responsible for assuring that the Fund maintains a Business Continuity Plan that will enable, in so far as possible, recovery from a substantial business disruption, continued operation by the Fund, and fulfillment of the Fund's obligations. Subject to the limitations prescribed in the second paragraph of this Article III, should the Fund's management be impaired by a catastrophic event, the Executive and Finance Committee, through its remaining functioning members, shall take responsibility for the Fund's management until such time as new management can be put in place.

As provided in the Fund's By-Laws, authority granted to the Executive and Finance Committee may be revoked, in whole or in part, by the Board of Directors at any time, but actions taken or authorized by the Executive and Finance Committee before such revocation is communicated to the Executive and Finance Committee in writing shall not be revoked by the Board of Directors retroactively, and any action shall be and remain valid and binding for all purposes.

Action may be taken by the Executive and Finance Committee with the approval of a majority of the members or upon unanimous written consent.

The reports submitted by the Executive and Finance Committee to the Board of Directors pursuant to Section 8 of Article VIII of the Fund's By-Laws should include such recommendations as the Governance and Nominating Committee may deem appropriate.

IV. Meetings

The Executive and Finance Committee shall meet as circumstances require, but at least the day before the annual April Board of Directors meeting at which the Fund's budget for the following fiscal year is reviewed and executive compensation for the next fiscal year is considered or as the Executive and Finance Committee may otherwise determine.

A majority of the Executive and Finance Committee members, including *ex officio* members (but excluding the President in the case of discussion of her/his own executive compensation), shall constitute a quorum.

Minutes of all Executive and Finance Committee meetings shall be prepared by the Fund's Secretary and included as part of the Executive and Finance Committee's reports to the Board of Directors and filed with the Board of Directors' books and records.

Charter of the Governance and Nominating Committee of the Board of Directors of The Commonwealth Fund

I. Purpose

The Governance and Nominating Committee shall help the Board of Directors (the “Board of Directors”) of The Commonwealth Fund (the “Fund”) assure the continued effective governance of the Fund, oversee the composition and the continued effectiveness of the Board of Directors and its committees, and identify qualified director nominees to recommend to the Board of Directors. The Board of Directors may assign other duties to the Governance and Nominating Committee from time to time as it deems appropriate and in the best interest of the Fund.

II. Membership

The Governance and Nominating Committee shall consist of three (3) or more directors appointed by the Board of Directors. As provided by the Fund’s By-Laws, the Chairman of the Board of Directors and the President shall be members *ex officio* of the Governance and Nominating Committee. The Vice-Chairman of the Board of Directors shall serve as chair of the Governance and Nominating Committee. The chair of the Governance and Nominating Committee shall be entitled to cast a vote to resolve any ties.

In accordance with the Fund’s By-Laws, the members of the Governance and Nominating Committee shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Governance and Nominating Committee may be removed for any reason by the Board of Directors.

III. Authority and Responsibilities

The following functions shall be the common recurring activities of the Governance and Nominating Committee in carrying out its responsibilities outlined in Article I of this Charter. These functions should serve as a guide with the understanding that the Governance and Nominating Committee may carry out such policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions. The Governance and Nominating Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time, related to the purposes of the Governance and Nominating Committee outlined in Article I of this Charter.

The Governance and Nominating Committee may retain and cause the Fund to compensate counsel, search firms and other experts from time to time to assist it in fulfilling its responsibilities.

The Governance and Nominating Committee has the following general authority and responsibilities regarding the Board of Directors and committee responsibilities:

- Review the size and composition of the Board of Directors at suitable intervals and consider the profile of the Board of Directors as a whole in terms of diversity and skills and experience relevant to the Fund's work.
- Review the continued Board of Directors service by each director prior to the completion of a five-year term and consideration for his/her reelection to another term.
- Review the size, composition, charter, and mandates of the committees, recommend directors for committee assignments, and recommend assignments for committee chairmen.
- Review the functioning, performance and effectiveness of the Board of Directors, using self-assessment and other approaches found to be beneficial.
- Review the charter, composition, functioning, and effectiveness of each committee of the Board of Directors, using self-assessment and other approaches found to be beneficial, and make recommendations to the Board of Directors regarding the creation of additional committees or the elimination of committees of the Board of Directors.
- Recommend to the Board of Directors slates of officers of the Fund (Chairman, Vice-chairman, President, Executive Vice President & COO, Treasurer, and Secretary).

The Committee has the following authority and responsibilities regarding Board of Directors nominees:

- Establish criteria for Board of Director candidates.
- Identify individuals believed to be qualified as candidates to serve on the Board of Directors.

- Evaluate new candidates for nomination to the Board of Directors.
- Recommend qualified candidates to the Board of Directors.

In addition, the Governance and Nominating Committee has the following authority and responsibilities:

- Review the adequacy of the Certificate of Incorporation and By-Laws and recommend to the Board of Directors, as conditions dictate, that it propose amendments to the Certificate of Incorporation and By-Laws for consideration by the members.
- Keep abreast of developments with regard to corporate governance to enable the Governance and Nominating Committee to make recommendations to the Board of Directors in light of such developments as may be appropriate.
- Review and evaluate the succession plans relating to the Chairman and Vice-Chairman of the Board of Directors, and, with the Executive and Finance Committee, make recommendations to the Board of Directors with respect to the selection of individuals to occupy these positions.

The reports submitted by the Governance and Nominating Committee to the Board of Directors pursuant to Section 8 of Article VIII of the Fund's By-Laws should include such recommendations as the Governance and Nominating Committee may deem appropriate.

IV. Meetings

The Governance and Nominating Committee shall meet as circumstances require, but normally at least twice a year on the day before Board of Directors meetings.

A majority of the members of the Governance and Nominating Committee shall constitute a quorum.

Minutes of all Governance and Nominating Committee meetings shall be prepared by the Corporate Secretary and included as part of the Governance and Nominating Committee's report to the Board of Directors and added to the Board of Directors' books and records.

Charter of the Audit and Compliance Committee of the Board of Directors of The Commonwealth Fund

I. Purpose

The Audit and Compliance Committee shall help the Board of Directors (the “Board of Directors”) of The Commonwealth Fund (the “Fund”) in overseeing (a) the selection and performance of the Fund’s independent auditors; (b) the quality and integrity of the financial reporting of the Fund; (c) the performance of the Fund’s internal accounting systems, its fiscal controls and risk management practices, and tax and regulatory compliance; and (d) compliance with the Fund’s Code of Ethics and Conflict of Interest Policy. The Board of Directors may assign other duties to the Audit and Compliance Committee from time to time as it deems appropriate and in the best interest of the Fund.

II. Membership

The Audit and Compliance Committee shall consist of three (3) or more directors appointed by the Board of Directors. The Chairman of the Board of Directors and the President shall not serve on the Audit and Compliance Committee. The chair of the Audit and Compliance Committee shall be appointed by the Board of Directors and shall be a member of the Board of Directors. The chair of the Audit and Compliance Committee shall be a director with no direct financial interest in an organization with which the Fund conducts business and shall be independent. For purposes of this Article II, “independent” shall mean a person other than a paid employee of the Fund or a “disqualified person” with respect to the Fund (as such term is defined in section 4946(a) of the Internal Revenue Code of 1986, as amended (the “Code”), other than by reason of being an officer or director of the Fund. The chair of the Audit and Compliance Committee shall be entitled to cast a vote to resolve any ties. All members of the Audit and Compliance Committee should be financially literate and at least one (1) member should have extensive accounting and financial reporting expertise.

In accordance with the Fund’s By-Laws, the members of the Audit and Compliance Committee shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Audit and Compliance Committee may be removed for any reason by the Board of Directors.

III. Authority and Responsibilities

The following functions shall be the common recurring duties of the Audit and Compliance Committee in carrying out its purposes outlined in Article I of this

Charter. These duties should serve as a guide with the understanding that the Audit and Compliance Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions.

The Audit and Compliance Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Audit and Compliance Committee in its sole discretion deems appropriate for study or investigation by the Audit and Compliance Committee.

The Audit and Compliance Committee shall be given full access to the Fund's internal accounting staff, the Board of Directors, managers, other staff and independent auditors as necessary to carry out these duties. While acting within the scope of its stated purpose, the Audit and Compliance Committee shall have all the authority of the Board of Directors except as set forth in clauses (a) through (e) of Section 1 of Article VIII of the By-Laws.

The Audit and Compliance Committee shall have the following authority and responsibilities:

A. Independent Auditors

- Appoint or terminate and oversee the independent auditor and consider competitive bids for the audit at least every six (6) years. Approval of the fees and terms of the audit engagement should include a determination that no aspect of the engagement would be considered “self-dealing” (as such is defined in Code Section 4941).
- Meet with the independent auditor before the annual audit to (a) review the scope, planning, and staffing of the audit, (b) evaluate the experience and qualifications of the senior members of the independent audit team and the overall performance of the audit firm, (c) consider rotation of senior members of the audit team and (d) set the auditor's compensation and other terms of the auditor's engagement.
- Approve in advance any significant audit or non-audit engagement or relationship between the Fund and the independent auditors. In this regard, the Audit and Compliance Committee shall pay particular attention to the fairness of the terms of any agreement pursuant to

which the independent auditors would perform, if permitted by law or regulations, the following non-audit services:

- (a) bookkeeping or other services related to the accounting records or financial statements of the audit client;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services;
 - (d) internal accounting outsourcing services;
 - (e) management or human resources functions;
 - (f) broker or dealer, investment adviser or investment banking services; and
 - (g) legal services and expert services unrelated to the audit.
- Review an annual report by the independent auditor that describes (a) any aspects of its relationship with the Fund that could significantly affect its objectivity and independence; (b) the independent auditors' internal quality controls; (c) any material issues raised by the most recent internal or peer review of such controls; (d) any material issues concerning its client audits raised by any inquiry or review by professional, stock exchange, or regulatory authorities during the past five (5) years; (e) any steps taken to address these issues; and (f) the assessment of the auditors' independence and all relationships between the independent auditors and the Fund.
 - Review with the independent auditors (a) any material audit problems or other significant difficulties encountered by the auditors in the course of the audit process, including any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management and (b) management's responses to such matters. Without excluding other possibilities, the Audit and Compliance Committee may wish to review with the independent auditors (i) any material accounting adjustments that were noted or proposed by the auditors but were "passed", (ii) any significant communications between the audit team and the audit firm's national office (if applicable) respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Fund.

- Review progress in implementing any independent auditor recommendations approved by the Audit and Compliance Committee.
- Review and, in its discretion, require Audit and Compliance Committee pre-approval for the recruitment to the Fund's staff of any employee of the independent auditor, if the employee was a member of the audit team for the Fund at any time in the past two (2) years.
- In conducting its review and evaluation, the Audit and Compliance Committee shall not consider any charitable contributions made by the auditing firm or any individual associated with the auditing firm, or any plans the Fund may have to solicit charitable contributions from the auditing firm or any individual associated with the auditing firm.

B. Financial Reporting and Accounting

- In consultation with the independent auditors, management and the internal accounting staff, review the integrity of the Fund's financial reporting processes. In that connection, the Audit and Compliance Committee should obtain and discuss with management and the independent auditors reports from management and the independent auditors regarding: (a) critical accounting policies and practices to be used by the Fund; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Fund's management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditors; (c) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Fund's selection or application of accounting principles; (d) major issues as to the adequacy of the Fund's internal controls and any specific audit steps adopted in light of material control deficiencies; and (e) any other material written communications between the independent auditors and the Fund's management.
- To the extent possible, assure that the custodian, brokerage, and investment manager accounts of the Fund have been appropriately

examined and reconciled (for example, reviewing the custodian's SAS 70 report).

- Review and discuss with the independent auditors the responsibilities, budget and staffing of the Fund's internal accounting function.
- Review with the independent auditor important trends and developments in reporting practices and requirements and their effect on the Fund's financial statements.
- Review the independent auditor's opinion of the financial statements prepared by management and advise the Board of Directors whether they merit the Board of Directors' approval.

C. Controls, Risk Management, and Compliance

- Review annually identified significant operational and financial risks exposures with management and the independent auditor and the steps management has taken to monitor and control such exposures.
- Review annually the quality and adequacy of management's risk management policies and procedures and its other internal controls.
- Review legal and tax matters that may have a material effect on the Fund's financial statements and any significant government inquiries or proceedings regarding the Fund's activities.
- Assure the timely filing of the Fund's annual tax return (IRS 990-PF) and, as required, the unrelated business income tax return (IRS 990-T) and annual reports required by the New York State Attorney General.

D. Code of Ethics and Conflict of Interest Policy Compliance

- Review compliance with the Fund's Code of Ethics and Conflict of Interest Policy. Advise on and monitor the effectiveness of the Fund's procedures for receiving, retaining and investigating complaints, or confidential and/or anonymous allegations, regarding questionable accounting, internal accounting controls or auditing practices, lapses in internal accounting controls, activity in violation of the Fund's Code of Ethics and Conflict of Interest Policy, or potential violations of laws.

- As described in the Fund’s Code of Ethics and Conflict of Interest Policy, the chair of the Audit and Compliance Committee shall undertake investigations of alleged violations when necessary.

E. Outside Advisors

- The Audit and Compliance Committee shall have the authority to retain separate legal counsel or other advisors as appropriate to assist it in the performance of its functions.

Notwithstanding the foregoing, the Audit and Compliance Committee is not responsible for guaranteeing the auditor’s report. The fundamental responsibility for the Fund’s financial statements rests with management.

The reports submitted by the Audit and Compliance Committee to the Board of Directors pursuant to Section 8 of Article VIII of the Fund’s By-Laws should include: (a) review of the performance and independence of the Fund’s independent auditors; (b) assessment of the performance of the internal accounting function, including any issues regarding the quality or integrity of the Fund’s financial statements; (c) compliance with the Fund’s legal or regulatory requirements; and (d) such recommendations as the Audit and Compliance Committee may deem appropriate.

IV. Meetings

The Audit and Compliance Committee shall meet as circumstances require, but at least twice annually.

Audit and Compliance Committee meetings should be structured to provide an open avenue of communication between the Board of Directors, management and the independent auditor. The Audit and Compliance Committee may ask management, the independent auditor and any Fund employee, grantee or vendor or other person it deems appropriate to consult to attend its meetings. The Audit and Compliance Committee will meet in executive session when frank discussion requires privacy.

A majority of the Audit and Compliance Committee members shall constitute a quorum.

Minutes of all meetings of the Audit and Compliance Committee shall be prepared by the Corporate Secretary, and included as part of the Audit and

Compliance Committee's reports to the Board of Directors and added to the Board of Directors' books and records.

Charter of the Investment Committee of the Board of Directors of The Commonwealth Fund

I. Purpose

The Investment Committee shall help the Board of Directors (the “Board of Directors”) of The Commonwealth Fund (the “Fund”) (a) assure the effective and prudent investment of the endowment needed to provide a stable source of funds for programs and the Fund and (b) oversee the investment policies and management of the Fund’s endowment. The Board of Directors may assign other duties to the Investment Committee from time to time as it deems appropriate and in the best interest of the Fund.

II. Membership

The Investment Committee shall consist of four (4) or more directors appointed by the Board of Directors. As provided by the Fund’s By-Laws, the Chairman of the Board of Directors and the President shall be members *ex officio* of the Investment Committee. Members should have investment, business, or endowment management expertise sufficient to evaluate the business and risks associated with the Committee’s purpose.

The chair of the Investment Committee shall be appointed by the Board of Directors. The chair should be an individual with extensive investment, business, or endowment management experience, and preferably have had prior experience on a nonprofit or pension fund investment committee. The chair of the Investment Committee shall be entitled to cast a vote to resolve any ties.

In accordance with the Fund’s By-Laws, the members of the Investment Committee shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Investment Committee may be removed for any reason by the Board of Directors.

III. Authority and Responsibilities

The Investment Committee has the following authority and responsibilities:

- Formulate and review investment policies and asset allocation strategies, taking into account the Fund’s projected spending rate (annual spending as a percent of the average market value of the endowment), expected investment returns, risk tolerance, and liquidity and other relevant constraints.

- Oversee the adoption and implementation of appropriate risk management policies and procedures to manage to the extent possible market, liquidity, operational, credit, and other investment and asset management risks.
- Select the Fund's investment advisors and investment managers and monitor their performance and capacities for delivering expected performance.
- Approve any bank accounts, securities custody accounts, and brokerage accounts required for the management of the Fund's finances and safe keeping of its securities, provide the Treasurer with the necessary authority for the day-to-day management of these accounts, and authorize the required signatories for drafts on or activity within these accounts.
- Oversee the work of the Fund's chief investment officer (Executive Vice President & COO/Treasurer), who provides staffing for the Investment Committee and exercises day-to-day responsibility for the supervision of the management of the endowment.

The Investment Committee may delegate any portion of its authority to the Fund's Executive Vice President & COO/Treasurer or one or more of its members, who shall report on any exercise of this authority to the full Investment Committee at its next scheduled meeting. The Investment Committee shall consult with the Audit and Compliance Committee to assure that, to the extent possible, the custodian, brokerage, and investment manager accounts of the Fund have been appropriately examined and reconciled.

The reports submitted by the Investment Committee to the Board of Directors pursuant to Section 8 of Article VIII of the Fund's By-Laws will cover, as applicable, (a) investment strategy and asset allocation policies, (b) investment performance and (c) decisions on investment managers.

IV. Meetings

The Investment Committee shall meet two (2) or more times each year, as circumstances require. A majority of the Investment Committee members shall constitute a quorum.

Minutes of all Investment Committee meetings shall be prepared by the Executive Vice President & COO/Treasurer and included as part of the Investment Committee's reports to the Board of Directors and filed with the Board of Directors' books and records.