



## **Charter of the Audit Committee of the Board of Directors**

### **1. Purpose**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of FormFactor, Inc. (the “Company”) is to assist the Board in fulfilling its responsibilities for generally overseeing:

- The Company’s accounting, financial reporting and internal control processes, as well as the audit and integrity of the Company’s financial statements;
- The selection, qualifications and independence of the Company’s independent auditor;
- The performance of the Company’s independent auditor;
- The Company’s compliance with applicable laws related to accounting and financial reporting, including U.S. federal securities laws; and
- The Company’s assessment of risk and risk management.

The function of the Committee is primarily one of oversight. The Company’s management is responsible for preparing the Company’s financial statements, and the independent auditor is responsible for auditing and reviewing those financial statements. The Committee is responsible for assisting the Board in overseeing the conduct of these activities by management and the independent auditor and regularly reporting such information to the Board as it deems necessary to keep the Board aware of significant financial matters. The Committee is not responsible for providing any expert or special assurance as to the financial statements or the independent auditor’s work.

### **2. Organizational Matters**

#### **a. Membership**

All members of the Committee will be appointed at least annually by the Board, based on the recommendations of the Company’s Governance and Nominating Committee. The members of the Committee shall serve at the discretion of the Board. The Committee shall consist of at least three members of the Board, with the exact number being determined by the Board.

Each member of the Committee shall meet the following criteria (in each case to the extent that such requirement is effective from time to time):

- i. Each member shall be an independent member of the Board as defined by the applicable rules of the Nasdaq Global Market, as they may be amended from time to time (the “NASDAQ Rules”);

- ii. Each member will meet the independence requirements for audit committee members specified by the applicable rules and regulations of the Securities and Exchange Commission (“SEC”);
- iii. Each member will meet such other qualifications for audit committee membership under the NASDAQ Rules, including being able to read and understand fundamental financial statements;
- iv. At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities in accordance with the NASDAQ Rules;
- v. At least one member will be an “audit committee financial expert” as defined by applicable SEC rules. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication; and
- vi. No member will have participated in the preparation of the financial statements of the Company or any current subsidiary at any time during the most recent three years.

Unless the Board designates a Chair of the Committee, the members of the Committee may designate a Chair of the Committee by majority vote of the Committee membership. A majority of the members of the Committee will constitute a quorum for the transaction of the business of the Committee.

**b. Funding**

The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the Company’s independent auditors for the purpose of rendering or issuing an audit report or preparing any other audit, review or attest services for the Company, and to any outside advisors employed by the Committee pursuant to this charter. The Company shall pay the ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

**c. Compensation**

Members of the Committee shall receive such fees for their services as Committee members as may be determined by the Board. Members of the Committee may not receive any compensation from the Company except the fees that they receive for services as a member of the Board or any committee thereof.

**d. Investigations, Studies and Outside Advisors**

The Committee may conduct or authorize investigations into or studies of matters within the Committee’s scope of responsibilities with full access to all books, records, facilities, and personnel of the Company. The Committee, at the expense of the Company, may retain outside

legal counsel (who may but need not be the regular corporate counsel to the Company), experts and other advisors as it determines to be necessary or appropriate to carry out its responsibilities and duties. The Committee shall have sole authority to approve fees and retention terms for such advisors.

**e. Delegation of Authority**

The Committee may, to the extent permitted under applicable law and regulations and the Company's certificate of incorporation and bylaws, delegate to one or more designated members of the Committee the authority to perform specific duties and responsibilities of the Committee.

**3. Meetings and Reports**

**a. Meetings**

- i. The Committee shall meet at least once each quarter, and will hold such other regular or special meetings as its members or the Chair of the Committee shall deem necessary or appropriate.
- ii. The Committee shall meet periodically with the independent auditors out of the presence of management about internal controls, the fullness and accuracy of the Company's financial statements and any other matters that the Committee believes should be discussed privately with the Committee.
- iii. The Committee members, or the Chair of the Committee on behalf of all of the Committee members, shall communicate with management and the independent auditors at least once per quarter in connection with their review of the Company's financial statements.
- iv. The Committee shall establish in advance a calendar for all then-contemplated meetings for the fiscal year.
- v. Meetings may be held in person or by telephone or other similar communications equipment. In lieu of a meeting, the Committee may also act by unanimous written consent.

**b. Minutes**

The Committee will maintain written minutes of its meetings, which minutes (and any action by written consent) will be filed with the minutes of the meetings of the Board.

**c. Reports**

The Committee shall report regularly (orally or in writing) to the Board (or the independent directors of the Board, as applicable) regarding matters for which the Committee has responsibility and any other issue that the Committee believes should be brought to the attention of the Board.

#### **4. Authority, Responsibilities and Duties**

The Committee has the authority to undertake the specific responsibilities and duties listed below and such other specific duties as the Committee or Board deems necessary to fulfill the Committee's purpose or as the Board may from time to time prescribe.

##### **a. Processes, Controls and Risk Management**

Specific responsibilities of the Committee in connection with processes, controls and risk management shall include those listed below.

- i. Meeting periodically with management, the individuals or entities performing the internal audit or similar activities, and the Company's independent auditors to discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and its internal controls over financial reporting, the completeness and accuracy of the Company's financial statements, including reviewing any identified deficiencies and the implementation of corrective actions, and such other matters as the Committee wishes to discuss.
- ii. Reviewing reports prepared by management assessing the adequacy and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, prior to the inclusion of such reports in the Company's annual report and related disclosures in the Company's quarterly reports.
- iii. Discussing with management the Company's policies with respect to the assessment and management of financial and accounting risks relating to significant transactions and structures, and risks to proper financial reporting.
- iv. Reviewing on at least a quarterly basis the status of any legal matters, pending or threatened, that could have a significant impact on the Company's financial statements, including any inquiries or investigations by law enforcement or regulatory agencies.
- v. Reviewing on at least an annual basis the Company's compliance with and changes to laws and regulations pertaining to taxes and other matters that could have a significant impact on the Company's financial condition or reporting.
- vi. Reviewing the Company's disaster recovery and business continuity plans as may be applicable to the purposes of the Committee.
- vii. Overseeing the Company's asset management policies, including an annual review of the Company's investment policies and performance for cash and investments.
- viii. Establishing and monitoring the procedures for the receipt, retention, review, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**b. *SEC Reports and Other Disclosures***

Specific responsibilities of the Committee in connection with SEC reports and other disclosures shall include those listed below.

- i. Reviewing with management and the Company's independent auditors as appropriate, before release and filing with the SEC:
  - 1) the Company's quarterly and annual financial statements, including any report or opinion by the independent auditors;
  - 2) the Company's earnings announcements, including earnings guidance;
  - 3) the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Company's Forms 10-Q and 10-K, and in the Company's registration statements under the Securities Act of 1933; and
  - 4) The results of the independent auditors' audit of the Company's annual financial statements and the independent auditors' review of the Company's interim financial statements.
- ii. Recommending to the Board whether to include the Company's audited financial statements in the annual report on Form 10-K.
- iii. Preparing annually a report for inclusion in the proxy statement for the Company's annual meeting of stockholders, in accordance with applicable SEC rules and regulations.

**c. *Independent Auditors***

Specific responsibilities of the Committee in connection with the independent auditors shall include those listed below.

- i. Selecting, retaining, determining the compensation and funding for, and overseeing the work of (i) the independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, book, records, accounts, and internal controls over financial reporting and (ii) any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Reviewing the independence, performance, experience, and qualifications of the independent auditors. The Committee shall have sole authority to approve the hiring and firing of any such independent auditors and the independent auditors shall report directly to the Committee.
- ii. Obtaining and reviewing, on at least an annual basis, a letter from the independent auditors describing all relationships between the independent auditors and the Company required to be disclosed in accordance with the Public Company

Accounting Oversight Board independence rules, reviewing the nature and proposed audit scope, setting the compensation and fees, and evaluating, discussing with the auditors and terminating, as necessary, any relationships or services that the Committee believes could compromise the objectivity and independence of the independent auditors.

- iii. Pre-approving all audit and permissible non-audit services to be provided to the Company by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is permissible) in accordance with applicable laws. The Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent auditors to render services to the Company.
- iv. Discussing with the Company's independent auditors the independent auditor's annual audit plan, including the scope of audit activities, staffing of the audit and any other matters required to be discussed in accordance with all applicable auditing standards.
- v. Obtaining and reviewing at least annually a report from the independent auditors addressing:
  - 1) all critical accounting policies and practices to be used in the audit;
  - 2) all alternative treatments within generally accepted accounting principles of material items that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - 3) critical accounting matters that are being considered for inclusion in an audit opinion (a "critical accounting matter" being any matter communicated or required to be communicated to the Committee that both relates to material accounts or disclosures that are material to the financial statements and involves especially challenging, subjective or complex auditor judgment);
  - 4) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences;
  - 5) any comments or recommendations of the independent auditors outlined in their annual management letter; and
  - 6) the adequacy of the Company's accounting and financial reporting processes and systems of internal control, including the adequacy of the systems of reporting to the Committee.
- vi. Reviewing with management and the independent auditors the results of the annual audit of the Company, discussing significant issues, events and transactions, the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the Company's financial statements and any significant

difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and resolving any disagreements among management and the independent auditors regarding financial reporting.

- vii. Discussing any comments or recommendations outlined in the annual report of the independent auditors, and establishing a schedule for implementing any recommended changes and monitoring the implementation.
- viii. Communicating with the Company's independent auditors about the Company's expectations regarding its relationship with the auditors, including the independent auditors' ultimate accountability to the Committee.
- ix. Monitoring and periodically considering the rotation of partners of the independent auditors on the Company's independent audit engagement team as required by applicable law.
- x. [Keeping the Company's independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and reviewing and discussing with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.]

**d. *Other Duties and Responsibilities***

Specific responsibilities of the Committee in connection with other matters related to its activities shall include those listed below.

- i. Reviewing and reassessing the adequacy of the Committee's charter on at least an annual basis and recommending any changes to the Board for approval.
- ii. Reviewing developments in accounting principles, auditing standards, independence standards, and reporting standards, and considering how such developments apply to the Company's financial reporting and accounting standards and principles.
- iii. Reviewing the reporting of related person transactions (as defined in Item 404 of Regulation S-K) on an ongoing basis.
- iv. Performing any other activities required by applicable law, rules or regulations, and performing other activities that are consistent with this charter, the Company's bylaws, or as the Committee or the Board deems necessary or appropriate.