

**AUDIT COMMITTEE  
of the  
BOARD OF DIRECTORS  
of  
CRITICAL PATH, INC.**

**Procedures for Handling Complaints Regarding  
Accounting, Internal Accounting Controls and Auditing Matters  
(Adopted January 29, 2004)**

The Sarbanes-Oxley Act of 2002 and the rules of The Nasdaq Stock Market require the Audit Committee of Critical Path, Inc. (the "Company") to establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

***Submission of Complaints***

Anyone with a concern or complaint regarding the Company's accounting, internal accounting controls or auditing matters (a "Complaint") may communicate such Complaint to the General Counsel or to the Audit Committee by sending a message to the General Counsel or Audit Committee in accordance with the procedures outlined in the Company's Code of Ethics and Business Conduct. Notification procedures for Critical Path employees are attached hereto as Appendix A.

***Treatment of Complaints***

Upon receipt of a Complaint pertaining to accounting, internal accounting controls or auditing matters, instances of corporate fraud or violations of applicable laws ("Compliance Matters"), the recipient, whether the General Counsel or the Audit Committee, shall (i) determine whether the Complaint in substance pertains to Compliance Matters and (ii) when possible, acknowledge receipt of the Complaint to the sender.

Any Complaint relating to Compliance Matters made to the General Counsel of the Company shall be immediately reported to the Chairman of the Audit Committee.

The Audit Committee will investigate or cause to be investigated Complaints reported directly or referred to it. In its investigation, it may interview employees, request and review all relevant Company documents, and/or request that an auditor or counsel (which auditor or counsel may be other than one usually engaged by the Company) investigate the Complaint at the Company's expense.

Upon the completion of an investigation, the Audit Committee will, if appropriate, make recommendations for any changes in financial practices, procedures and reporting and recommend to the Board of Directors of the Company any disciplinary actions for wrongful acts up to and including termination of employment and, if necessary, reports to the appropriate governmental authorities.

Where possible, the complaining party will be notified that the investigation has been concluded and given such other information regarding the investigation as may, in the discretion of the Committee, be appropriate. As set forth in the procedures for reporting a Complaint attached as Appendix A, the

Company shall not retaliate against an employee for reporting a Complaint regarding Compliance Matters unless it can be shown that the report was knowingly false.

***Reporting and Retention of Complaints and Investigations***

The General Counsel or, at the direction of the General Counsel or the Audit Committee, outside counsel, shall maintain a log of all Complaints, tracking their receipt, investigation and resolution, and shall prepare a periodic summary thereof for the Audit Committee. Copies of Complaints and such log shall be maintained in accordance with the Company's document retention policy.

## Procedures for Reporting Complaints

(Excerpted from Critical Path, Inc. Code of Ethics and Business Conduct

Adopted January 29, 2004)

### Reporting Violations and Enforcement

Your conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow employees. If you are powerless to stop suspected misconduct or discover it after it has occurred, you must report it to your supervisor, the Legal Department or the CFO. Misconduct cannot be excused because it was directed or requested by another. In this regard, you are expected to alert management whenever an illegal, dishonest or unethical act is discovered or suspected. Supervisors who receive reports of misconduct must immediately contact the Legal Department or CFO.

If you are still concerned after speaking with your supervisor or feel uncomfortable speaking with him or her for whatever reason, you must (anonymously, if you wish) send a detailed note, with relevant documents, to Critical Path's General Counsel, or you may directly contact the Audit Committee of Critical Path's Board of Directors by sending a detailed note, with relevant documents, to the Corporate Secretary, who also serves as the Secretary of the Audit Committee, via email to [Audit.Committee@criticalpath.net](mailto:Audit.Committee@criticalpath.net) or via regular mail to the following address:

Audit Committee  
Attention: Corporate Secretary of Critical Path  
2 Harrison St, 2<sup>nd</sup> Floor  
San Francisco, CA 94105

Your calls, detailed notes and/or emails will be dealt with confidentially, although there may be a point where your identity may become known or have to be revealed in the course of an investigation or to take corrective action. You have the commitment of Critical Path and of the Audit Committee of Critical Path's Board of Directors, which is composed of independent directors, that you will be protected from retaliation for your good faith actions. Critical Path forbids retaliation of any kind against employees for good faith reports of ethical violations.