

## **BOARD OF DIRECTORS**

### **Audit Committee**

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#### **MEMBERSHIP**

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The Committee will consist of no fewer than three directors.

Qualifications of members: The Committee will be comprised entirely of independent directors and at least one member of the Committee will serve concurrently on the Governance and Corporate Responsibility Committee. Each member of the Committee shall be “financially literate” in accordance with the requirements of the New York Stock Exchange and at least one member of the Committee must satisfy the requirements of the Securities and Exchange Commission (SEC) to qualify as a “financial expert”, in each case as determined by the Board of Directors.

Appointment and removal of members: By the Board of Directors, considering the recommendation of the Governance and Corporate Responsibility Committee.

#### **PURPOSE OF THE COMMITTEE**

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The Audit Committee is tasked with assisting the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company. The Committee has sole authority from the Board of Directors for the appointment, compensation, and oversight of the Company’s independent auditors, including the approval of any significant non-audit relationship. The Committee shall also review and oversee legal and regulatory compliance matters that may have a material impact on the Company’s financial statements or internal controls over financial reporting and, in coordination with the Governance and Corporate Responsibility Committee, such other legal compliance matters that may have a material financial effect on the Company. The Committee shall assume such other duties and responsibilities as directed by the Board of Directors from time to time.

#### **GOALS AND RESPONSIBILITIES**

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To carry out its responsibilities, the Committee will:

1. Retain and replace, if necessary, the Company’s independent auditors.
2. Annually review and assess the performance, qualifications and independence of the independent auditors including, without limitation, a review of (a) the independent auditors report on the firm’s internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, and (c) all relationships between the firm and the Company.
3. Discuss the annual audited financial statements with management and the independent auditor and discuss with the independent auditor the matters required to be discussed by relevant auditing standards and recommend to the Board of Directors whether, based on such reviews and discussions, the audited financial statements should be included in the Company’s Annual Report on Form 10-K.
4. Review with the independent auditor outcomes of the audit, including their conclusions, significant findings, and recommendations, and related management responses and any problems or difficulties with management’s response.

5. Discuss with management and the independent auditor the quarterly financial statements, which are not audited.
6. Discuss with management, internal audit and the independent auditor the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. This responsibility may be delegated to the Committee chair. Committee members may participate in such discussions at their discretion.
7. Review annual audit plans of the Director of internal audit and the independent auditor.
8. Review the effectiveness of the Company's system of internal controls.
9. Discuss with management, internal audit and the independent auditor the Company's policies with respect to assessing and managing risk, including the risk of fraud at the Company.
10. Assess the performance of the internal audit function, at least annually.
11. Prepare the Audit Committee report required by the rules of the SEC to be included in the Company's annual proxy statement.
12. Meet separately with internal audit and with the independent auditor, in each case without the Company's management present, after each regularly scheduled quarterly Committee meeting, and not less than three times per year; and meet periodically with the Company's management without internal audit or the independent auditor present.
13. Approve policies and practices established by management for the Company's hiring of employees or former employees of the independent auditor.
14. As appropriate, obtain advice and assistance of outside legal counsel, accounting resources or other advisors.
15. Assess the effectiveness of the Committee, including the adequacy of the Committee's charter, at least annually and recommend any proposed changes to the Board of Directors for approval.
16. Work with the Governance and Corporate Responsibility Committee when it identifies and refers to the Committee any issues that could have a material financial effect on the Company.
17. Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

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## **STRUCTURE AND OPERATIONS**

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The Board of Directors will appoint the chair of the Committee.

The Committee will meet at such times as it determines to be necessary or appropriate, but no fewer than four times per year.

The Committee will report to the Board of Directors with regard to any actions taken.

The Company will provide the Committee with appropriate funding, as the Committee determines, for the payment of compensation to the independent auditor, outside counsel, and other advisors as the Committee deems appropriate, and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

A representative of management will function as Committee support and be a liaison with management. The role of the management liaison will be to:

1. Work with the chair of the Committee and the CEO to establish an agenda for each meeting.
2. Prepare briefing and pre-meeting reading materials for Committee members.
3. Arrange for appropriate persons to present agenda items at Committee meetings or to be present for discussions with the Committee.

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## **AUDIT COMMITTEE'S ROLE**

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The Committee's job is one of oversight. While the Audit Committee has the responsibilities and powers set forth in its Charter, it is not the duty of the Audit Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.

These are the responsibilities of management or the independent auditors or both as appropriate. In carrying out its oversight responsibilities, the Committee is not providing any professional certification or expert assurance as to the Company's financial statements or as to the independent auditor's work.