

Purpose

The purpose of the Internal Audit function (“Internal Audit”) is to provide independent and objective assurance and consulting services designed to be the catalyst for education, improvement, reporting and monitoring of the Company’s (1) risk management, (2) internal control and (3) compliance processes.

Structure

Internal Audit is an independent function. It is led by the Vice President of Global Audit (Chief Audit Executive or “CAE”), who reports functionally to the Audit Committee of the Company’s Board of Directors (the “Audit Committee”) and administratively to the Executive Vice President – Chief Financial Officer. Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free and unrestricted access to any and all of the Company’s records, physical properties and personnel pertinent to carrying out any engagement. All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. Internal Audit will also have free and unrestricted access to the Audit Committee.

Internal Audit shall monitor and assess the adequacy and effectiveness of the Company’s operational, financial, information system and administrative controls. It shall have no direct authority over the activities which it reviews and shall not develop nor install procedures. In addition, the performance of these audits and special reviews does not relieve management of any assigned responsibilities.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Responsibilities

Internal Audit shall:

1. Conduct work in accordance with the *Standards for Professional Practice of Internal Auditing* and Code of Ethics promulgated by the Institute of Internal Auditors.
2. Annually develop and execute a plan of audit coverage for all operational areas that have the highest inherent risks and are determined to have a significant impact to the Company. Review and adjust the internal audit plan, as necessary, in response to changes in the Company’s business, risk, operations, programs, systems, and controls. Any significant deviations from the approved Internal Audit plan will be communicated to the Audit Committee.
3. Confirm to the Audit Committee, annually, the independence of the Internal Audit function. If the CAE determines that independence or objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
4. Review and appraise the adequacy and application of accounting, financial, operational, information systems and administrative controls.
5. Assist management in compliance with Sarbanes-Oxley requirements.
6. Conduct special reviews as requested by management or the Audit Committee.
7. Provide management with a preliminary written report of the results and recommendations of each audit, review or investigation performed. Final reports will contain management’s action plan and a time frame for implementation and will be distributed to the applicable members of management and highlights will be provided to summarize the key elements of the report for the Audit Committee.
8. Monitor the progress of all action plans as agreed upon by management and Internal Audit, follow-up, as appropriate, on observations/recommendations and report the status to the Audit Committee and applicable members of management.
9. Identify cost beneficial improvement areas in existing processes.
10. Advise management on cost-effective risk management practices and controls in the design of new business initiatives/systems/processes. This includes timely involvement in product and system development, operations changes, and strategic initiatives to ensure risks and control improvements are identified at an early stage.

11. Provide non-audit services to management that enhance the control environment (i.e., participating in system development projects, performing value-add reviews, performing due diligence investigations or assisting in the development of company policy and procedures).
12. Maximize the effectiveness of audit resources by coordinating efforts with the designated external audit firm and other external resources or consultants engaged by the Company.
13. Conduct internal investigations due to Code of Business Conduct and Ethics inquiries, allegations, etc. or as requested by the Audit Committee or management. Additionally, evaluate all reported ethical and accounting policies and standards violations received via the whistleblower hotline. Provide appropriate reporting to the Audit Committee and management, as appropriate.
14. Establish and maintain a quality assurance program to provide reasonable assurance that the Internal Audit work conforms to the Standards for the Professional Practice of Internal Auditing. The quality assurance program will include training, supervision, and internal reviews. Every five years, an external review will be performed by an independent reviewer.
15. Continue to enhance knowledge, skills and other competencies through Continuing Professional Development.

Adopted August 14, 2006. Amended June 2010, March 2012, March 2014, and March 2018. Reviewed and reapproved on an annual basis.