

# Audit Committee Charter

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*The Hartford Financial Services Group, Inc.*



**THE HARTFORD FINANCIAL SERVICES GROUP, INC.  
AUDIT COMMITTEE CHARTER**

**PURPOSE**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s internal audit function and independent auditor, and (4) the compliance by the Company with legal and regulatory requirements.

The Committee shall prepare the report required by the Securities and Exchange Commission (the “Commission”) to be included in the Company’s annual proxy statement.

**RESPONSIBILITIES AND AUTHORITY**

The Committee shall:

1. Have the sole authority to appoint or replace the independent auditor and to approve all audit engagement fees and terms.
2. Be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report, performing other audit, review or attest services, or related work. The independent auditor shall report directly to the Committee.
3. Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 and the rules and regulations of the Commission all as may be amended from time to time (the “Exchange Act”) which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members the authority to grant pre-approvals of permitted non-audit services, provided that decisions of such subcommittees to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
4. Have the authority to investigate any activity of the Company.
5. To the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate

funding, as determined by the Committee, for payment of (i) compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6. Make regular reports to the Board.
7. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval, and shall annually review the Committee's own performance.

#### Financial Statement and Disclosure Matters

8. Meet to review and discuss with management and the independent auditor the annual audited financial statements, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
9. Meet to review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the results of the independent auditor's review of the quarterly financial statements.
10. Review and discuss with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
11. Review and discuss reports from the independent auditor on:
  - a. All critical accounting policies and practices to be used.
  - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
12. Review and discuss analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made

in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements of the Company.

13. Review and discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (i.e., discussing the types of information to be disclosed and the types of presentations to be made). The Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
14. Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
15. Discuss with management the Company's major financial and other risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies and the guidelines and policies to govern the process by which risk assessment and management is undertaken.
16. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
17. Review disclosures, if any, made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

#### Oversight of the Company's Relationship with the Independent Auditor

18. Review and evaluate the lead partner of the independent auditor team.
19. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor'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 within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal

with any such issues, and (d) (to assess the auditor's independence) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.

20. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
21. Set clear hiring policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
22. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

#### Oversight of the Company's Internal Audit Function

23. Review and concur in the appointment and replacement of the senior internal auditing executive.
24. Review the activities, scope and effectiveness of the internal auditing function.
25. Review the significant reports to management prepared by the internal auditing function and management's responses.
26. Discuss with the independent auditor and management the internal audit function responsibilities, budget and staffing and recommended changes in the planned scope of the internal audit.

#### Compliance Oversight Responsibilities

27. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
28. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Ethics and Business Conduct,

including compliance with the Foreign Corrupt Practices Act. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's compliance with applicable laws and regulations, the Company's Code of Ethics and Business Conduct and the Company's Code of Ethics and Business Conduct for Members of the Board of Directors.

29. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
30. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
31. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
32. Review policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor or the internal auditor.
33. Perform such other functions as assigned by law, the Company's by-laws or the Board of Directors.

## **MEMBERSHIP**

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence and experience requirements of the New York Stock Exchange and Section 10A(m)(3) of the Exchange Act. At least one member of the Committee shall be an audit committee financial expert as defined by the Commission or else the Company shall explain why that is not the case in disclosures made pursuant to the Commission's rules. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Committee members shall also meet such other criteria as are adopted from time to time by the Board. The members of the Committee shall be appointed by the Board annually on the recommendation of the Nominating and Corporate Governance Committee, or as required upon the resignation, death, incapacity or removal of a member of the Committee. Committee members may be replaced by the Board at any time. The Committee shall have a chairman who is elected by the Board annually or upon the resignation, death, incapacity or removal of the current chairman. The position of

Committee chairman shall rotate at least every three years among the members of the Committee at the time of such rotation.

## **MEETINGS**

The Committee shall meet as often as it determines, but at least once every fiscal quarter. The agenda of each meeting generally will be prepared by the senior internal auditing executive with input from the Committee chairman and Committee members, and it shall be circulated to each member of the Committee prior to the meeting date. The Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Committee also may meet periodically in executive session without anyone else present. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

One-third of the members of the Committee, but not less than two, will constitute a quorum. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee. The Committee will meet at the call of its chairman or any two of its members. The chairman will preside, when present, at all meetings of the Committee. The Committee shall keep a record of its meetings and report on them to the Board.

Members of the Committee may participate in a meeting of the Committee by conference call or similar communications arrangements that enable all persons participating in the meeting to hear each other. The Committee may also take action by subcommittee and written consent.