

**AUDIT COMMITTEE CHARTER**  
**THE CHARLES SCHWAB CORPORATION**

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**PURPOSE**

The Audit Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities by reviewing:

- The integrity of the company's financial statements and financial reporting process;
- The qualifications and independence of the independent auditors and performance of the company's internal audit function and independent auditors;
- Compliance with legal and regulatory requirements;
- Review processes in place to assess and manage risk exposures described in this charter; and
- Other matters as directed by the Board or this charter.

The Audit Committee reviews and approves the report required by the rules of the Securities and Exchange Commission to be included in the company's annual proxy statement.

**COMPOSITION AND MEMBERSHIP**

The Board appoints the members of the Audit Committee on the recommendation of the Nominating and Corporate Governance Committee. The Audit Committee shall consist of at least three directors, all of whom shall meet independence and experience requirements in accordance with applicable laws, Securities and Exchange Commission and stock exchange rules. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission. Members of the Audit Committee shall not simultaneously serve on the audit committees of more than two other public companies.

**AUTHORITY**

The Audit Committee has the sole authority to hire, retain and terminate the independent auditors. The independent auditors shall report directly to the Audit Committee, and the Audit Committee shall be directly responsible for the oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting). The Audit Committee shall pre-approve all audit, internal control-related, and permitted non-audit services to be performed by the independent auditors. The Audit Committee oversees fees paid to the independent auditors and shall provide appropriate funding from the company for payment of the independent auditors and any advisors employed by the Audit Committee.

The Audit Committee shall have the sole authority to retain special independent legal, accounting or other consultants to advise the Committee. The Audit Committee shall meet separately and periodically in executive session with the independent auditors, the Chief Financial and Accounting Officer, the Chief Audit Executive, and the General Counsel. The Audit Committee may request any officer or employee of the company or the company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The independent auditors and internal audit shall have direct and unrestricted access to the Committee.

The Audit Committee shall approve all significant aspects of arrangements to co-source or outsource internal audits. Internal Audit will retain oversight of its outsourced arrangements. The Audit Committee shall have the authority to meet separately and independently with any co-sourced or outsourced internal audit service providers.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the company's financial statements and disclosures are complete and accurate and are in accordance with accounting principles generally accepted in the United States of America. This is the responsibility of management and the independent auditors.

## MEETINGS

There shall be not less than five regular meetings each year and additional meetings may be held as circumstances warrant. A majority of members of the Committee shall constitute a quorum. The action of a majority of members at a meeting at which a quorum is present will be the action of the Committee.

## RESPONSIBILITIES

The responsibilities of the Audit Committee include, but are not limited, to the following:

### Oversight of Financial Disclosures

1. Review and discuss with management and the independent auditors the company's annual and quarterly financial statements (and the results of the independent auditors' reviews of the quarterly financial statements), including reviewing specific disclosures made in management's discussion and analysis.
  - (a) Review and discuss with management and the independent auditors:
    - Significant financial reporting issues and judgments made in connection with the preparation of the company's financial statements, including any significant changes in the company's selection or application of accounting principles or new or proposed changes;
    - Management's internal control assessment and independent auditor attestation, including any significant deficiencies in the design or operation of internal controls or material weaknesses therein, the adequacy of disclosures about changes in internal control over financial reporting, and any fraud involving management or other employees who have a significant role in the Company's internal controls (as well as any special steps adopted in light of such control issues);
    - Analyses of the effect of alternative assumptions, estimates or GAAP methods on the company's financial statements, and the treatment preferred by the independent auditors;
    - The effect of regulatory and accounting initiatives as well as off-balance sheet structures on the company's financial statements; and
    - Matters (including correspondence or inquiries from regulators or governmental agencies, complaints or legal matters) that raise material issues regarding the company's financial statements or accounting policies.
  - (b) Discuss with the independent auditors:
    - Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management;
    - Material written communications with management, such as the management letter provided by the independent auditors and the company's response to that letter, and any accounting adjustments that were noted or proposed by the auditors;
    - Auditing or accounting issues on which the audit team consulted the audit firm's national office; and
    - The quality, not just the acceptability, of the company's accounting principles as applied to its financial reporting as required by PCAOB Auditing Standard No. 16.
2. Recommend to the Board whether the audited financial statements should be included in the company's Form 10-K.
3. Periodically review with management the form of presentation and types of information to be included in the company's earnings releases, as well as the nature of and process for providing information to analysts and rating agencies.

### Oversight of External Auditors

4. Obtain and review annually a report by the independent auditors describing:
  - The firm's internal quality control procedures;

- Any material issues raised by the most recent internal quality-control review, peer review or inspection, 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, and any steps taken to deal with any such issues; and
  - All relationships between the independent auditors and the company, consistent with PCAOB Rule 3526, Communication with Audit Committees Concerning Independence.
5. Evaluate the qualifications, performance and independence of the independent auditors (in its evaluation, the Audit Committee may take into account the reports of the independent auditors and the opinions of management and the internal auditors) , including:
- Any disclosed relationships or services that may impact the objectivity and independence of the auditors and take or recommend that the full board take appropriate action to oversee the independence of the independent auditors;
  - The adequacy of the independent auditors' quality controls;
  - The lead partner of the independent auditors, including the rotation of and selection of the lead audit partner (at a minimum, audit partner rotation shall be required subject to the applicable legal deadlines); and
  - Whether it is appropriate to rotate the audit firm itself.
6. Recommend to the Board policies for the company's hiring of employees or former employees of the independent auditors.

#### Oversight of Internal Audit

7. Support the stature and independence of internal audit by, among other actions, ensuring that the scope of internal audit activities and access to information are not restricted and that internal audit has the resources and skills to fulfill its responsibilities. Review and assess the activities, performance and independence of the internal audit department.
8. Review and approve the appointment and replacement, and evaluate the performance, of the Chief Audit Executive. The Chief Audit Executive shall report functionally to the Committee and administratively to the Chief Executive Officer. Review compensation recommended for the Chief Audit Executive in consultation with the Compensation Committee.
9. Review and approve the Internal Audit charter, Internal Audit Policy, and proposed annual internal audit plan, which includes the overall risk assessment methodology, appropriate audit coverage based on the risk assessment and the size and complexity of the company, budget and staffing of the internal audit, and the use of co-sourced internal audit work.
10. Review quarterly progress in completing the internal audit plan and significant changes to the plan, including changes to audit budgets and timeliness for the completion of audits. Review reports on less than acceptable audit results, significant issues including management action plan progress, aging and past due issues, results of retrospective reviews, root cause analysis and thematic trends, information regarding major projects, industry and company risk trends, and results of quality assessment reviews. Review the adequacy of the company's internal controls, including internal audit's assessment of risk management functions.
11. Review reports regarding the performance of co-sourced or outsourced internal audit providers, including the competency, expertise and staffing of co-sourced and outsourced internal audits. Review reports regarding oversight of co-sourced and outsourced internal audit service providers, including any modifications or terminations of external providers under delegated authority or plans to cover audit areas due to the termination of a co-sourced or outsourced service provider.
12. Review the internal audit quality assurance program to ensure that the internal audit function performs internal audit activities in accordance with approved audit policies and procedures, as well as Board and management expectations with regard to the scope and quality of audit work.

Risk Management

13. Review reports from management and the Risk Committee concerning the company's risk assessment and risk management policies, the company's major risk exposures and the steps management has taken to monitor and control such exposures. The review conducted by the Audit Committee shall be of the processes in place to assess and manage risk exposures as described in this charter and shall not replace the Risk Committee's responsibilities for oversight of the enterprise-wide risk management framework and of key risk policies.
14. Review matters escalated by the Risk Committee and when appropriate, conduct a joint session with the Risk Committee to discuss any matters that may have a significant financial statement impact or require significant financial statement or regulatory disclosures or present other significant issues within the purview of the Audit Committee. Meet at least semiannually and in executive session with the Chief Audit Executive on material risk management issues.
15. Obtain and review reports from management, the General Counsel, and the Chief Compliance Officer regarding the policies and procedures for ensuring compliance with, and whether the company and its affiliated entities are in compliance with, applicable legal requirements, conflicts of interest policies, and the company's code of business conduct and ethics.
16. Review procedures for (a) the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters. Review reports by the Compliance Department, Corporate Responsibility Officer, Financial Crimes Risk Management or Ombudsperson regarding complaints received concerning accounting, internal accounting controls, or auditing matters.
17. Obtain and review reports from the General Counsel regarding significant legal and litigation matters, regulatory inquiries and investigations, and legal and regulatory developments and trends that could have a material impact on the financial statements.
18. The Audit Committee shall review and approve related-party transactions required to be disclosed under Item 404 of Regulation S-K and review and approve policies and procedures pertaining to related-party transactions.
19. Review the report from the independent auditors on the identification of and accounting for relations and transactions with related parties under PCAOB Auditing Standard 18.

Governance Responsibilities

20. As appropriate, meet with the Risk Committee or escalate to the Risk Committee any significant items pertaining to risk exposures within the purview of the Risk Committee.
21. Report the Committee's activities and significant decisions to the Board.
22. Form and delegate authority to subcommittees when appropriate.
23. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
24. Conduct an annual performance evaluation of the Committee and report the results of the evaluation to the Nominating and Corporate Governance Committee or the full Board.