

# **MSA Safety Incorporated**

## **Audit Committee Charter**

August 24, 2016

### **Purpose and Scope**

The Audit Committee of the Board of Directors (the "Committee") of MSA Safety Incorporated (the "Company") shall assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities relating to:

- (a) The integrity of the Company's financial statements and financial reporting and disclosure process;
- (b) The integrity of the Company's systems of internal accounting and financial controls;
- (c) The integrity and performance of the Company's annual independent audit of financial statements;
- (d) The engagement and performance of the independent auditors, including direct responsibility for their appointment, compensation, retention, and oversight, and the assessment of their independence;
- (e) The Company's compliance with Rule 10A-3 of the Exchange Act of 1934 entitled Listing Standards Relating to Audit Committees, as well as applicable legal and regulatory requirements, including the Company's financial disclosure controls and procedures; and,
- (f) The fulfillment of such other duties as deemed necessary by the Board.

The Committee is responsible to the Company's shareholders and the investment community to endeavor to assure that the Company provides financial statements that are fairly stated in all material respects, including proper disclosure of financial and business risks, and to maintain free and open means of communication between the Board, the Company's independent auditors, financial management and internal auditors.

## **Composition and Meetings**

- (a) The Committee shall be comprised of a minimum of three members of the Board as appointed annually by the Board and shall be, in the business judgment of the Board, independent and qualified under standards established by applicable law and the rules of the Company's listing exchange and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal.
- (b) Each member of the Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
- (c) The chairperson of the Committee shall be elected by the Board.
- (d) In the Business judgment of the Board, at least one member of the Committee shall be a "financial expert" as defined by law and the applicable rules of the Company's listing exchange. Each member shall be, or become within a reasonable time, literate in financial, accounting and audit functions and be able to read and understand fundamental financial statements.
- (e) No member of the Committee shall be a current employee of the Company or any of its affiliates during the current year or any of the preceding three years.
- (f) The Committee is expected to meet at least six times each year, with authority to convene additional meetings, as necessary. All Committee members are expected to attend each meeting, in person or via teleconference.
- (g) The Committee may invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.
- (h) The Committee shall report its actions to the Board and keep written minutes of its meetings that shall be recorded and filed with the books and records of the Company. Minutes of each meeting will be prepared by the Secretary of the Board or his designee.

## **Quorum**

A majority of the total number of Committee members shall constitute a quorum for the transaction of business at any meeting. All matters shall be decided by the affirmative vote of a majority of members attending in person or via teleconference.

## **Authority and Responsibilities**

The Committee has authority to conduct or authorize investigations into any matters within the scope of its responsibility. The Committee shall have full authority:

- (a) To investigate any matter related to its responsibilities that is brought to its attention while being given full access to all books, records, facilities and employees of the Company;
- (b) To retain outside law, accounting or other consultants to advise the Committee; and,
- (c) To meet with any of the Company's officers, employees, outside counsel, independent auditors or other consultants.

The following shall be the principal responsibilities of the Committee:

- (a) Recommendation and Engagement of Independent Auditors. The Committee shall review and evaluate the professional qualifications, independence and performance of the independent auditors, and shall recommend annually to the Board the firm of independent auditors to be nominated for election by the shareholders to audit the financial statements of the Company.
- (b) Independent Auditor Oversight and Notification. The Committee shall appoint, replace, compensate and oversee the work of the independent auditors for the purpose of preparing or issuing an audit report or related work. The Committee shall require that the independent auditors advise the Committee and the Company's Chief Financial Officer of any significant matters identified during the performance of the audit or related services at any time, and that such notification be made prior to the related press release, if practicable, and in any case prior to filing Forms 10-Q and 10-K. In addition, the Committee shall review with the independent auditors any audit problems along with management's response to difficulties in conducting the audit; restrictions on the scope of the audit or access to information; significant disagreements with management; accounting adjustments; management or internal control letters proposed to be issued by the independent auditors; and, discussions of staffing, budget and responsibilities of the Company's internal auditors.
- (c) Independent Auditor Quality Control Procedures. The Committee shall annually obtain and review a report by the independent auditor describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the firm or by inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues.

(d) Pre-Approval of Audit and Non-Audit Fees and Services. The Committee shall review the scope and fees for the independent audit proposed for the coming year and approve in advance all audit and non-audit services to be performed by the independent auditors. The foregoing approval of non-audit services is subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934. The Committee shall also approve the final fees and expenses of the independent auditors for audit services and non-audit services performed by the independent auditors for the prior year.

(e) Determination of Independence of Independent Auditors. The Committee shall annually review the independence letter issued by the independent auditors, actively engage in a dialogue with the independent auditors with respect to any relationships disclosed in that letter and report to the Board of Directors any appropriate action necessary to maintain the auditors' continuing independence.

(f) Determination as to Performance of Independent Auditors. The Committee shall annually evaluate the performance of the independent auditors as well as the justification for the fees and expense for conducting audit services.

(g) Internal Auditor Oversight and Notification. The Committee shall review and evaluate the professional qualifications and effectiveness of the internal auditors. The Committee shall require that the internal auditors advise the Committee and the Company's Chief Financial Officer of any significant audit matters identified during the performance of their work and/or emanating from other sources. The internal audit director shall report directly to the Committee and organizationally to the Chief Financial Officer. The Committee or Committee Chair shall review and approve the internal audit director's annual performance review and compensation.

(h) Meetings with Independent Auditors, Internal Auditors, Chief Legal Officer and Management. The Committee shall meet regularly with each of the independent auditors, internal auditors and financial management and shall meet periodically with the Chief Legal Officer with respect to the status and results of their activities.

(i) Review and Approve Internal Control Reports. The Committee shall (1) annually review management's determination of the adequacy of the Company's internal control structure and deficiencies, if any, (2) review any significant areas of risk or exposure and steps taken to minimize such risks or exposures, and (3) approve a report of the Company's assessment of the effectiveness of such structure and procedures to be included in the Company's Form 10-K.

(j) Review of Disclosure Controls and Procedures. The Committee shall review with the Chief Executive Officer, the Chief Financial Officer and the Chief Legal Officer, the Company's report on disclosure controls and procedures and shall review periodically,

management's conclusions about the efficacy of such disclosure controls and procedures.

(k) Monitoring of "Whistle Blowing" Procedures. The Committee shall monitor the Company's procedures for the confidential and anonymous receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, fraud, legal compliance, regulatory compliance, and compliance with the Company's Global Code of Business Conduct.

(l) Review of Information Technology Contingency Plans. The Committee shall review contingency plans in the event of a failure of information technology systems.

(m) Review of Enterprise Risk Management. The Committee shall review the Company's risk management policies and procedures, as well as its major financial risk exposures, and the processes management has established to monitor and control such exposures.

(n) Review of Legal and Regulatory Compliance. The Committee shall periodically review with management, including the Chief Legal Officer and the Chief Compliance Officer, and the independent auditors as applicable: (i) legal and regulatory compliance subjects of potential significance to the Company; and, (ii) the Company's programs and procedures intended to mitigate the risks that arise in connection with these laws and regulations. The Committee shall oversee the implementation of the Company's ethics and compliance programs, including its program to comply with laws and regulations governing bribery and corruption.

(o) Review of Correspondence, Reports and Complaints. The Committee shall periodically review with management, including the Chief Legal Officer and the Chief Compliance Officer, and the independent auditors as applicable, any correspondence with, or other action by, regulators or government agencies and any employee complaints or published reports that raise concerns regarding legal or regulatory agency compliance, the Company's financial statements, accounting or auditing matters or compliance with the Company's Global Code of Business Conduct.

(p) Review and Approval of Annual and Quarterly SEC Filings. The Committee shall review, discuss with management and the independent auditors, and approve the Form 10-Q and the Form 10-K.

(q) Review of Earnings Releases and Releases of Significant Information. The Committee shall review earnings press releases, as well as releases of other significant information and earnings guidance, if any, provided to analysts and rating agencies before they are finalized and released.

- (r) Review and Approval of Report for Proxy Statement. The Committee shall review and approve the Audit Committee Report that the Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.
- (s) Hiring Policies. The Committee shall establish hiring policies for the employment by the Company of current or former employees of the independent auditor.
- (t) Performance Evaluation. The Committee shall complete an annual performance evaluation of this Committee and its members consistent with the responsibilities set forth in this charter.
- (u) Delegation. The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
- (v) Other Delegated Responsibilities. The Committee shall also carry out such other duties that may be delegated to it by the Board of Directors from time to time.
- (w) Proficiency. The Committee shall remain reasonably proficient with changes to significant accounting and reporting issues, including professional, legal and regulatory pronouncements, and understand their impact on the Company's financial statements.
- (x) Review of Charter. The Committee shall reassess and report to the Board on the adequacy of this charter on an annual basis.