

# **SCHWEITZER-MAUDUIT INTERNATIONAL, INC.**

## **AUDIT COMMITTEE CHARTER**

**Amended and restated as of February 26, 2015**

### **Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Schweitzer-Mauduit International, Inc. (the “Company”) for the purpose of assisting the Board in its oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the Company’s policies to assess, monitor and control major identified risks, (iv) the qualifications and independence of the Company’s Independent Registered Public Accounting Firm (the “Independent Auditor”), (v) the performance of the Company’s systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Company, and (vi) the performance of the Independent Auditor and the Company’s Internal Audit Department. The Committee shall also prepare the Audit Committee Report as required by the U.S. Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement and carry out the other responsibilities set forth in this Charter and such other duties that the Board may assign.

### **Membership**

1. The Committee shall consist of no fewer than three members each of whom shall be elected by a majority vote of the Board. Committee members may be removed by the Board in its discretion.
2. The members of the Committee shall meet the applicable independence and experience requirements of the New York Stock Exchange, U.S. securities laws and the standards of independence adopted by the Board. No member of the Committee shall receive any compensation, directly or indirectly, from the Company other than that paid for services as a director or committee member. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall have the accounting or related financial management expertise, as such qualification is interpreted by the Board in its business judgment, to be considered an “audit committee financial expert” in compliance with criteria established by the SEC. Determinations as to whether a particular director satisfies the requirements for membership on the Committee will be made by the Board. Each Committee member is expected to obtain periodic personal education and training to enhance performance as a member of the Committee and to report such training to the Chairperson of the Committee.
3. No Committee member shall simultaneously serve on more than three public company audit committees, including the Committee.
4. The Chairperson of the Committee shall be designated by the Board, upon recommendation by the Nominating & Governance Committee.

### **Authority and Responsibilities**

1. The Committee shall recommend to the Board the annual selection of the Independent Auditor that audits the financial statements of the Company. The Independent Auditor for the Company

is ultimately accountable to the Board and reports directly to the Committee. The Committee shall appoint, compensate, evaluate, oversee the work performed by the Independent Auditor. The Committee is also empowered to replace the Independent Auditor at its discretion.

2. The Committee shall review and discuss with the Independent Auditor the matters required to be discussed by applicable audit standards adopted by the U.S. Public Company Accounting Oversight Board or other authorities with jurisdiction over the Company and its outside auditor, including Auditing Standard No. 16, "Communications with Audit Committees," as such standards may be adopted and amended from time to time.
3. The Committee shall, at least annually, obtain and review a report by the Independent Auditor describing: (i) the firm's internal quality control procedures; (ii) 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; (iii) any steps taken to deal with such issues; and (iv) all relationships between the Independent Auditor and the Company. The Committee shall actively engage in dialogue with the Independent Auditor with respect to any disclosed issues or relationships that may affect the competence or independence of the Independent Auditor and take appropriate actions to oversee the independence of the Independent Auditor.
4. The Committee shall evaluate the Independent Auditor's qualifications and performance based on the reports submitted to the Committee by the Independent Auditor, the Independent Auditor's work throughout the year and taking into account the opinions of management and members of the Internal Audit Department. This evaluation shall include a review and evaluation of the lead audit partner of the Independent Auditor.
5. The Committee shall ensure that the lead audit partner of the Independent Auditor rotates on a regular basis, as required by law, and periodically evaluate whether there should be a rotation of the outside audit firm that serves as the Independent Auditor.
6. The Committee shall provide oversight to the financial reporting and disclosure processes and internal control activities of the Company, including review of major issues as to the adequacy of the Company's internal controls (including the risk of management overriding such controls) and any special audit steps adopted in light of material control deficiencies.
7. The Committee shall meet with the Independent Auditor and the financial management of the Company to determine the scope and fees of the proposed audit for the current year and the audit procedures to be utilized, and, at the conclusion thereof, review any comments or recommendations of the Independent Auditor. Additionally, the Committee shall review and pre-approve permitted non-audit services to be provided by the Independent Auditor, subject to the de minimis exceptions for non-audit services which are approved by the Committee prior to the completion of the audit. The Committee may delegate to one or more of its members the authority to grant such pre-approvals, provided that any decisions of such member or members to grant pre-approvals must be reported to the Committee at its next scheduled meeting.
8. The Committee shall meet to review and discuss the Company's annual audited financial statements and quarterly financial statements with the Independent Auditor and management, including review of the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any disclosure from the Company's CEO and CFO made in connection with their certifications of the Company's quarterly and annual reports filed with the SEC. If deemed appropriate after such review and discussion, the Committee shall recommend to the Board that the audited annual financial

statements be included in the Company's Annual Report on Form 10-K. The Committee shall also review other reports and filings made to the SEC regarding the Company's financial results and financial controls.

9. The Committee shall review and discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. This review shall include consideration of the use of "pro forma" or "adjusted" non-GAAP information, if any.
10. The Committee shall review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles. The Committee shall consider the quality, not just the acceptability, of the accounting principles applied in the Company's financial reporting. The Committee shall review the effect of regulatory and accounting initiatives, significant reserves, off-balance sheet arrangements, unusual accruals, contingencies and highly judgmental areas and discuss audit adjustments, whether or not recorded.
11. The Committee shall regularly review with the Independent Auditor any problems or difficulties incurred during the audit and management's response. The Committee shall also, at least annually, prior to the completion of the Independent Auditor's annual audit of the Company's year-end financial statements, obtain and review a report from the Independent Auditor describing: (i) all critical accounting policies and practices to be used in the annual audit; (ii) 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; and (iii) other material written communications between the Independent Auditor and management including, but not limited to, the management letter and schedule of unadjusted differences. The Committee shall also discuss with the Independent Auditor any material issues raised in such reports and resolve any disagreements between management and the Independent Auditor regarding financial reporting.
12. The Committee shall review annually the structure, resources and performance of the Company's Internal Audit Department. In that regard, the Committee shall discuss with the Chief Audit Executive (CAE) and concur with the overall scope, plans and budget for the annual internal audit plan, including the plan for testing the effectiveness of internal controls over financial reporting, adequacy of staffing and other factors that may affect the effectiveness and timeliness of accomplishing the internal audit plan. The CAE shall report to the Committee and administratively to the General Counsel and shall meet with the Committee at least annually and as often as deemed desirable in executive sessions without the presence of Company management. The Committee shall receive and review the findings of completed audits and management responses together with progress reports on the audit plan and discuss any changes to an audit plan after it has been approved. The Committee Chairperson will participate in the performance reviews of the CAE and the Committee shall concur with the appointment or dismissal of the CAE. The Committee shall also discuss with the Independent Auditor the Independent Auditor's judgment about the competence, performance and cooperation of management and the Internal Audit Department.
13. The Committee shall review the Independent Auditor's attestation and report on management's assessment of internal control over financial reporting and any responses to such reports by management.
14. The Committee shall set clear hiring policies for the Company for employees or former employees of the Independent Auditor.

15. The Committee shall review periodically, with the Company's counsel, compliance with legal and regulatory requirements and legal matters that could have a significant impact on the Company's financial statements.
16. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submissions by the Company's employees of concerns regarding questionable accounting or auditing matters. Quarterly, the Committee will receive from the Company, and review, a summary of significant complaints. The Committee will also receive from the Company an annual summary of communication and awareness actions undertaken to encourage employee participation in this regard.
17. The Committee shall review and discuss with appropriate management personnel the risks faced by the Company and the policies, guidelines and processes by which management assesses and manages the Company's risks, including the Company's major financial and cyber security risk exposures and the steps management has taken to monitor and control such exposures.
18. The Committee shall periodically review the Company's Code of Conduct and the Company's system to monitor compliance with and enforce such code. The Committee shall report annually to the Board on the status of the Company's programs and procedures for complying with legal and regulatory requirements and on any deficiencies noted in the Company's legal compliance program or in the enforcement of the Company's Code of Conduct. The Committee shall also report annually to the Board on the status of the Company's internal controls and procedures for compliance with the financial and other reporting required by the securities laws.
19. The Committee shall review and, where appropriate, approve any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K).
20. The Committee shall review annually the Company's defined benefit plan liabilities, asset performance and related disclosures.
21. The Committee shall prepare the Audit Committee Report as required by the SEC to be included in the Company's annual proxy statement.
22. The Committee shall have the sole authority to obtain, at the Company's expense but at funding levels determined by the Committee, advice and assistance from outside legal, accounting or other advisors as deemed appropriate to fully execute the Committee's duties and responsibilities. The Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company and to require 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 advisors to, the Committee. The Committee shall have full, unrestricted access to Company records.
23. The Committee may form and delegate authority to subcommittees when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit and tax services, provided that decisions of such subcommittee to grant pre-approvals and take any other actions shall be presented to the full Committee at its next scheduled meeting.
24. The Committee shall make regular reports to the Board, both with respect to the activities of the Committee generally and with respect to any issues that arise regarding the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the Independent Auditor or the

performance of the Internal Audit Department.

25. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
26. The Committee shall evaluate its performance annually.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of management and the Independent Auditor. Nor is it the duty of the Committee to assure compliance with laws and regulations and the Company's policies.

### **Meetings**

The Committee shall meet at such times as it determines to be necessary or appropriate, but not less than quarterly. The Committee meetings shall be held and conducted in accordance with the By-Laws of the Company. Written minutes of each meeting shall be duly filed in the Company records. The Committee Chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable. Periodically, meetings shall include an executive session of the Committee, excluding members of management, and the Independent Auditor, and on such terms and conditions as the Committee may elect. The Committee shall also meet periodically with management, the Independent Auditor and members of the Internal Audit Department in separate executive sessions to discuss any matters that the Committee, the Independent Auditor, management or members of the Internal Audit Department believe should be discussed privately.