

## **CHARTER OF THE AUDIT COMMITTEE**

### **PURPOSE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of FirstEnergy Corp. (the “Company”) is:

1. To assist the Board with oversight of:
  - (a) The integrity of the Company’s financial statements;
  - (b) The Company’s compliance with legal, risk management and regulatory requirements;
  - (c) The independent auditor’s qualifications and independence;
  - (d) The performance of the Company’s internal audit function and independent auditor; and
  - (e) The Company’s systems of internal control with respect to the accuracy of financial records, adherence to Company policies and compliance with legal and regulatory requirements.
  
2. To prepare the Audit Committee Report that the U.S. Securities and Exchange Commission (“SEC”) rules require be included in the Company’s annual proxy statement; and
  
3. To perform such other duties and responsibilities enumerated in this Charter.

The Committee’s function is one of oversight, recognizing that the Company’s management is responsible for preparing the Company’s financial statements, and the independent auditor is responsible for auditing those statements. In adopting this Charter, the Board acknowledges that the Committee members are not employees of the Company and are not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the independent auditor’s work or auditing standards. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Committee and the accuracy and completeness of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary. Nothing in this Charter is intended to expand applicable standards of liability under the statutory or regulatory requirements for the Directors of the Company or members of the Committee.

## **COMPOSITION**

The Committee shall be comprised of not fewer than three members of the Board, as shall be determined from time to time by the Board. The Board shall at least annually appoint the members of the Committee and its Chairperson upon the recommendation of the Corporate Governance Committee. All of the members or any individual member of the Committee may be removed from the Committee with or without cause by the affirmative vote of a majority of the Board. Without the Board's approval, no Committee member may serve on a total of more than three public company audit committees. Any Committee member who is approved to serve on more than three public company audit committees will be subject to the Board's determination that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. The Company shall disclose any such determination as required by the New York Stock Exchange ("NYSE") Listing Standards. For purposes of this paragraph, the term "public company" is a company having securities registered with the SEC under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and subject to the reporting obligations of the Exchange Act.

Each member, including the Chair, shall qualify as independent, as such term is defined in the Corporate Governance Policies, the NYSE Listing Standards, and the rules and regulations of the SEC. No member, other than in their capacity as a member of the Committee, the Board or any other -Committee of the Board, may (a) accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company or any subsidiary thereof or (b) be an affiliated person of the Company or any subsidiary thereof, as set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended. The Board shall appoint at least one member to the Committee who, in the Board's business judgment, has accounting or related financial management expertise, which member shall be an "Audit Committee Financial Expert" as such term may be defined from time to time by the SEC.

All members of the Committee shall be financially literate, as referenced by the NYSE and determined by the Board in its business judgment, having a working familiarity with basic finance and accounting practices, or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

## **RESPONSIBILITIES AND AUTHORITY**

The Committee has the following responsibilities and authority:

1. The Committee shall be directly responsible for the appointment, compensation and retention of (subject to shareholder ratification, if such ratification is required), and the oversight of the work and pre-approval of all auditing services provided by, any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or

attest services for the Company. The independent auditor shall audit the consolidated financial statements of the Company and the consolidated financial statements of selected subsidiaries for the fiscal year for which it is appointed and report directly to the Committee.

2. In accordance with legal and regulatory requirements promulgated from time to time by the SEC and NYSE, the independent auditor for the Company is prohibited from providing the following non-audit services to the Company or any of its subsidiaries:

- (a) Bookkeeping or other services related to the accounting records or financial statements of the Company or any of its subsidiaries;
- (b) Financial information systems design and implementation;
- (c) Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- (d) Actuarial services;
- (e) Internal audit outsourcing services;
- (f) Management functions or human resources;
- (g) Broker or dealer, investment advisor or investment banking services;
- (h) Legal services and expert services unrelated to the audit; and
- (i) Any other services that the Public Company Accounting Oversight Board determines, by regulation, is impermissible; or any other service that the Committee determines is impermissible, poses a potential conflict, or should be prohibited.

The Chief Accounting Officer may recommend the engagement of the Company's independent auditor for any of the following:

- (a) audit-related services that are not part of the annual audit; or
- (b) non-audit services, including tax services, if permitted under Sections 10A(h) and (i) of the Exchange Act, and the rules promulgated thereunder, and not otherwise excluded under paragraphs (a)-(i) above.

The engagement of the Company's independent auditor for any of the foregoing services shall be subject to the pre-approval of the Committee, or the Chair of the Committee in lieu of the full Committee. Such services pre-approved by the Chair shall be submitted to the Committee at its next regularly scheduled meeting.

3. In connection with the approval of non-audit services, the Committee shall consider whether the independent auditor's performance of any non-audit services is compatible with the independent auditor's independence.

4. The Committee shall establish clear hiring policies for employees or former employees of the Company's independent auditors.

5. At least annually, the Committee shall obtain, review and, to the extent necessary, discuss with the independent auditor a report by the independent auditor describing:

- (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 independent auditor's 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 independent auditor's firm, and the steps taken to deal with those issues; and
- (c) all relationships between the independent auditor and the Company, in order to assess the auditor's independence.

6. After reviewing the foregoing report and after consideration of the independent auditor's work throughout the year, the Committee shall evaluate the independent auditor's qualifications, terms of engagement, compensation, performance and independence, which shall include the review and evaluation of the lead partner of the independent auditor. In making its evaluation, the Committee shall take into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.

7. The Committee shall ensure the regular rotation of the lead audit partner and concurring partner of the independent auditor every five (5) years and consider whether it would be appropriate to implement a regular rotation of the independent auditor firm.

8. The Committee shall also review and discuss reports by the independent auditor regarding:

- (a) all critical accounting policies and practices used by the Company;
- (b) significant financial reporting issues and judgments made in connection with the preparation of financial statements, including all alternative treatments of the Company's financial information within generally accepted accounting principles ("GAAP") that have been discussed with management officials, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- (c) any other material written communication between the independent auditor's firm and the Company's management, such as any management letter or schedule of unadjusted differences.

9. The Committee shall meet to review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's reports filed with the SEC. In addition to reviewing the financial statements, the Committee shall review any certification, report, opinion, or review rendered by the independent auditor in connection with those financial statements, and any significant disputes between management and the independent auditor that arose in connection with the preparation of those financial statements. The Committee shall have full access to the Company's books and personnel.

10. The Committee, as a whole or through the Chair, shall review and discuss with management, the internal auditor, and the independent auditor prior to filing the Company's Reports on Forms 10-K or 10-Q, any major issues regarding accounting principles and financial statement presentation, including the impact on the financial statements of significant events, transactions or changes in the Company's selection or application of accounting principles or estimates that potentially affect the quality of the financial reporting, major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

11. The Committee shall review and discuss with management and the independent auditor, management's report on internal control over financial reporting and the independent auditor's attestation of the Company's internal control over financial reporting prior to the filing of the Company's Form 10-K.

12. The Committee shall review disclosures made to the Committee by the Company's chief executive officer and chief financial officer during their certification process for Forms 10-K and Forms 10-Q regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

13. In connection with its review of the Company's financial statements, the Committee shall review and discuss with management, the internal auditor and the independent auditor the matters the independent auditor is required to discuss with the Committee under auditing standards established by the Public Company Accounting Oversight Board, including Auditing Standard No. 1301, and under the rules and regulations of the SEC and other applicable authorities (as such standards and rules and regulations may be established and amended from time to time).

14. The Committee shall regularly review with the independent auditor any audit problems or 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 and management's response to them. The review should also include discussion of the responsibilities, budget, activities, and organizational structure (including staffing) of the internal audit function. The Committee shall review any significant findings and recommendations of the internal auditing function together with management's responses to them.

15. Based on its review and discussions with management, the internal auditor and the independent auditor, the Committee shall recommend to the Board whether the Company's financial statements should be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of the Form 10-K).

16. Review and discuss with management and the independent auditor all off-balance sheet arrangements and the effect of regulatory and accounting developments on the Company's financial statements.

17. Although the Committee shall not be required to pre-approve or discuss in advance each earnings release or each instance in which the Company may provide earnings guidance, the Committee shall review and discuss with management press releases related to the Company's earnings, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to financial analysts and rating agencies.

18. The Committee shall meet separately, periodically, with management, with internal auditors, with independent auditors, with the Chief Risk Officer, and with the general counsel. Further, the Committee shall, at least annually, meet with the Company's independent auditor, without the presence of any Company employees, in order to review the results of each independent audit of the Company, the report of the audit, any related management letter, management responses to recommendations

made by the independent auditor in connection with the audit, all significant reports of the internal auditing department, and management's responses to those reports.

19. At least annually, the Committee shall review and approve the scope and plan of the work to be done by the Company's internal audit function, and review the results of such work. The Committee shall oversee, require and review periodic evaluations of the Company's internal control and corporate compliance structures, including the charter of the internal audit function to reasonably assure that it is consistent with that recommended by the Institute of Internal Auditors, and the resources provided to the internal audit group to reasonably assure that it has sufficient resources to carry out its charter. At least annually, the Committee shall approve the Internal Auditing Business Practice.

20. The Committee shall periodically review with the Executive Director of the Internal Auditing Department the adequacy of the Company's internal controls and corporate compliance structures, including computerized information system controls and security, to reasonably determine, at a minimum, that: (a) components of the Company's internal control and corporate compliance structures are regularly evaluated; (b) such evaluations are performed by qualified personnel; and (c) such evaluations have reasonable scope and depth of coverage and are conducted with sufficient frequency. The Committee shall discuss with the independent auditors any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of the audit, in addition to reviewing with the independent auditor the Company's compliance with the requirements of the Sarbanes-Oxley Act of 2002, as may be amended from time to time.

21. The Committee shall consider and review Directors', officers' and management's Company-funded expenses.

22. The Committee shall oversee, assess, discuss, and review the Company's policies with respect to the Company's major financial risk exposures and the assessment and management of risks, such as risks related to the financial statements and financial reporting process of the Company, credit risk, liquidity and commodity market risks, and risks related to cybersecurity, and discuss with management the steps taken to monitor, control and mitigate such exposures.

23. The Committee and the Board shall annually discuss and review with the Company's Chief Risk Officer the Company's risk assessment and risk management guidelines, policies and procedures.

24. Periodically, the Committee shall meet with appropriate members of management to review adherence to applicable federal, state, and local laws and corporate policies and review processes relating to training, monitoring and reporting of policy compliance. In particular, the Committee shall review the Company's Code of Business Conduct to determine that it is designed to provide adequate protection against violations of applicable laws and regulations, and shall review the record keeping and reporting systems to measure and monitor regulatory compliance

requirements. In general, the Committee shall also periodically review the Company's policies and procedures regarding compliance with the Company's Code of Business Conduct and the Company's Conflicts-of-Interest Policy, and methods for disseminating information regarding the foregoing policies. The Committee shall review corrective actions taken by the Company when significant internal or corporate compliance problems are reported. If the Committee becomes aware of any significant deficiency from corporate compliance programs or internal control programs, or of material violations of established corporate policies or legal and regulatory requirements, it shall: (a) reasonably determine that all appropriate corrective actions have been taken in response thereto, and that such actions are sufficient under the circumstances; (b) review any management override (which shall include waivers permitted by policies or procedures) of corporate compliance programs and internal control programs, and take the steps necessary to reasonably determine that such action or override will not occur in the future without Board approval; and (c) review the process for reporting deficiencies or violations to reasonably assure that the Executive Director of Internal Audit and the Chief Ethics Officer are informed of such deficiencies or violations.

25. The Committee shall establish 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 the Company's employees of concerns regarding questionable accounting or auditing matters.

26. The Committee may cause on-going educational programs related to appropriate financial and accounting practices to be made available to Committee members.

27. The Committee shall communicate to the Board any issues with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

28. The Committee shall prepare the Audit Committee Report required by SEC rules to be included in the Company's annual proxy statement.

29. The Committee shall report regularly to the Board concerning its activities.

30. The Committee shall meet at least six (6) times per year.

31. The Committee shall serve as a channel of communication between the independent auditor and the Board, and between the Executive Director of Internal Audit and the Board.

32. The Executive Director of Internal Audit functionally reports to the Committee and administratively to the Chief Financial Officer. The Committee will at least annually assess this reporting relationship in accordance with the Institute of Internal Auditors International Professional Practices Framework Standards and associated Practice Advisories.

33. At least annually, the Committee and the Board shall cause the Company to evaluate the performance of the Executive Director of Internal Audit. The Committee will provide input to the Company on the performance of the Executive Director of Internal Audit for consideration in the annual performance evaluation, along with input relating to his/her compensation package. The Committee shall be briefed annually on the results of the final evaluation along with the compensation package for the Executive Director of Internal Audit.

34. The Chair of the Committee shall be consulted prior to the appointment or removal of the Executive Director of Internal Audit.

35. The Committee shall conduct an annual performance evaluation of the Committee and report to the Board on such evaluation. Such evaluation shall be overseen by the Corporate Governance Committee of the Board.

36. The Committee shall ensure the minutes of each meeting be kept and filed with the minutes of the Company.

37. The Committee shall discuss with management and the independent auditor any published reports or correspondence with regulators or governmental agencies that raise material issues regarding the Company's financial statements or accounting policies.

38. The Committee shall annually obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

39. The Committee shall discuss with the independent auditors material issues on which the national office of the independent auditors was consulted by the Company's audit team.

## **AUTHORITY TO RETAIN AND TERMINATE ADVISERS**

In the course of its duties, the Committee shall have the authority, at the Company's expense, to retain, replace and terminate independent counsel and other advisers, as it deems necessary to carry out its duties. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described herein.

The Committee shall have the sole authority to appoint, compensate, retain (subject to shareholder ratification, if such ratification is required) and oversee the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee.

The Committee shall determine the appropriate funding to be provided by the Company for payment of:

- (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- (b) compensation to any advisers employed by the Committee; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **AMENDMENT**

This Charter and any provision contained herein may be amended or repealed by the Board.

Revised: September 19, 2017