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In accordance with the Institute of Internal Auditors (“IIA”) Standard 1000 – Purpose, Authority, and Responsibility (revised, effective January 2017), “The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.”

Further, in accordance with IIA Standard 1010 – Recognizing Mandatory Guidance in the Internal Audit Charter (revised, effective January 2017), “The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.”
Mission of Internal Audit
To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

Core Principles for the Professional Practice of Internal Auditing
The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively.

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organizational improvement.

Code of Ethics
A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control. The Code of Ethics states the principles and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. Internal auditors are expected to apply and uphold the following principles:

1. Integrity – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

   Internal auditors:
   1.1. Shall perform their work with honesty, diligence, and responsibility.
   1.2. Shall observe the law and make disclosures expected by the law and the profession.
   1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
   1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

   Internal auditors:
   2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
   2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
   2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review
3. **Confidentiality** – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

   Internal auditors:
   3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
   3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. **Competency** – Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

   Internal auditors:
   4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
   4.2. Shall perform internal audit services in accordance with the Standards.
   4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

**Definition of Internal Auditing**
Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Definition of Assurance Services**
An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

**Definition of Consulting Services**
Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization’s governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.
INTERNAL AUDIT CHARTER
(Vulcan Materials Company)

Purpose and Mission
The purpose of Vulcan Materials Company’s (“Vulcan” or “the Company”) Internal Audit Department (“IAD”) is to provide independent, objective assurance and consulting services designed to add value and improve the Company’s operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. IAD helps Vulcan accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

IAD’s most important activities relate to the examination and evaluation of the adequacy and effectiveness of the Company’s internal controls over financial reporting; specifically related to the following:
- Methods and measures in place to safeguard assets.
- Reliability and integrity of information and systems.
- Compliance with Company policies, plans and procedures.

IAD strives to be a contributing part of Vulcan’s management process; assisting management in the efficient and effective use of physical and human resources.

Standards for the Professional Practice of Internal Auditing
The Internal Audit Department will govern itself by adherence to the mandatory elements of the IIA’s International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (“the Standards”), and the Definition of Internal Auditing. The chief audit executive will report periodically to senior management and the Audit Committee of the Board of Directors (“the Audit Committee”) regarding IAD’s conformance to the Code of Ethics and the Standards.

Authority
The chief audit executive will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the Vice President of Finance. To establish, maintain, and assure that the Internal Audit Department has sufficient authority to fulfill its duties, the Audit Committee will:
- Discuss with the independent auditor and management the internal audit department charter, plans, activities, budget, staffing, and organizational structure.
- Approve the risk-based Audit Plan and any material changes in the scope of the Audit Plan.
- Receive communications from the chief audit executive on IAD’s performance relative to the Audit Plan and other matters.
- Review the appointment, replacement, and performance of the chief audit executive.
- Review significant reports to management prepared by the Internal Audit Department and management’s responses. The Audit Committee shall monitor and determine that all major issues reported to the Committee have been satisfactorily resolved.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including in private meetings without management present.
The Audit Committee authorizes IAD to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the Company, as well as other specialized services from within or outside Vulcan, in order to complete the engagement.

**Independence and Objectivity**

The chief audit executive will ensure that IAD remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Vulcan or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any Vulcan employee not employed by IAD, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit executive will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit Department.

The chief audit executive will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.
Scope of Internal Audit Activities
The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Company. IAD assessments include evaluating whether:

- Risks relating to the achievement of Vulcan’s strategic objectives are appropriately identified and managed.
- The actions of Vulcan’s officers, directors, employees, and contractors are in compliance with the Company’s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Company.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit executive will report periodically to senior management and the Audit Committee regarding:

- IAD’s purpose, authority, and responsibility.
- IAD’s Audit Plan and performance relative to the Audit Plan.
- IAD’s conformance with the IIA’s Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Company.

The chief audit executive also coordinates activities, where possible, to minimize disruption to the daily activities of the audited entity. IAD may perform advisory, consulting and related client service activities, the nature and scope of which will be agreed with the client, provided IAD does not assume management responsibility. See further discussion in the Investigations and Other Non-Audit Activities section below.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility
The chief audit executive has the responsibility to:

- Submit, at least annually, to senior management and the Audit Committee a risk-based Audit Plan for review and approval.
- Communicate to senior management and the Audit Committee the impact of resource limitations on the Audit Plan.
- Review and adjust the Audit Plan, as necessary, in response to changes in the Company’s business, risks, operations, programs, systems, and controls. All changes to the Audit Plan are approved by the Audit Committee.
• Communicate to senior management and the Audit Committee any significant interim changes to the Audit Plan. All changes to the Audit Plan are approved by the Audit Committee.

• Ensure each engagement of the Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.

• Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented.

• Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.

• Ensure IAD collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter. The chief audit executive is also responsible for attracting, developing and retaining highly specialized and qualified internal audit staff.

• Ensure trends and emerging issues that could impact Vulcan are considered and communicated to senior management and the Audit Committee as appropriate.

• Ensure emerging trends and successful practices in internal auditing are considered.

• Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department.

• Ensure adherence to the Company’s relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.

• Ensure conformance of the Internal Audit Department with the Standards, with the following qualifications:
  o If IAD is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  o If the Standards are used in conjunction with requirements issued by other authoritative bodies, the chief audit executive will ensure that IAD conforms with the Standards, even if IAD also conforms with the more restrictive requirements of other authoritative bodies.

Refer to GM-6 Internal Control Policy for management’s responsibilities related to the Company’s control environment, ownership of internal controls and remediation of control deficiencies.

**Quality Assurance and Improvement Program**

IAD will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of IAD’s conformance with the Standards and an evaluation of whether internal auditors apply the IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Audit Committee on IAD’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Company.

**Communication of Audit Results**

IAD will communicate the results of all audit engagements through an audit report. In accordance with IIA Standards, the communications will include the engagement’s objectives, scope and results; and will be accurate, objective, clear, concise, constructive, complete and timely. The results of each audit engagement, will include an explanation of all control deficiencies, remediation plans and an audit opinion. The formulation of the audit
opinion requires consideration of the engagement results and their significance. All deficiencies identified during the engagement require remediation plans, provided by management with anticipated implementation dates. IAD will review all remediation plans and accept or reject; accepted remediation plans will be incorporated into the audit report. Management must provide a revised remediation plan for any rejected responses. Refer to GM-6 Internal Control Policy for further discussion related to management’s responsibility for remediation of control deficiencies. The chief audit executive is responsible for reviewing and approving the audit report before issuance and for deciding to whom and how it will be distributed.

Based on the results of the audit, IAD will issue an opinion of the status of the control environment:

- **Good** – Virtually all required controls audited were functioning properly. Any deficiencies found were deemed minor. Improvements may be recommended.
- **Adequate** – The controls audited provide reasonable protection from significant loss, misstatement, or lack of compliance with the directives of management. Deficiencies requiring corrective action may exist.
- **Marginal** – The controls audited provide limited protection from significant loss, misstatement, or lack of compliance with the directives of management. Urgent corrective action is required.
- **Inadequate** – The controls audited provide little or no protection from significant loss, misstatement, or lack of compliance with the directives of management. Urgent corrective action is required immediately.

The chief audit executive is responsible for communicating audit results to parties who can ensure the results are given due consideration. Generally, “Good” and “Adequate” reports are distributed to appropriate management, with copies to senior management and the Company’s external auditor.

“**Adequate**” or “**Marginal**” reports may be expanded to include the entire Audit Committee, and those corporate officers having a functional or line responsibility related to the audit subject if, in the opinion of the chief audit executive, such individuals have a need to know.

“**Inadequate**” reports will be distributed up to and including the Audit Committee. “**Inadequate**” reports will generally be issued whenever the audit has resulted in significant findings or recommendations. Following are examples of cases that may result in an “**Inadequate**” audit opinion:

- Significant loss has (or is suspected to have) occurred;
- Identification of a material weakness in a system of internal control;
- Significant noncompliance with current Company policies or procedures;
- Pattern of individually insignificant deficiencies which are significant because of their quantity or nature.

The chief audit executive must establish and maintain a system to monitor and ensure that management remediation has been effectively implemented or that senior management has accepted the risk of not taking action. It is not the responsibility of the chief audit executive to resolve the risk.

### Investigations and Other Non-Audit Activities

In addition to providing assurance activities, IAD plays a key role in directing the investigation and evaluation of cases of known or suspected misuse of Company assets and/or resources. The chief audit executive will coordinate fraud investigations, including proper consultation with the Company's Legal Department.

The Internal Audit Department will also perform consulting engagements related to newly acquired facilities and/or non-traditional areas (i.e. new departments, lines of business). The purpose of consulting engagements is to educate the Company on the importance of internal controls, including the identification of risks, and adherence to Company policies and procedures. The chief audit executive is responsible for communicating the
final results of consulting engagements to clients. During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the Company, they must be communicated to management and the Audit Committee.

IAD also provides assistance on other non-audit projects, as resources allow, when requested by senior management (in such instances, the auditor will cease to function as internal audit and, instead, the auditor will assume the role of similarly assigned non-audit personnel). To avoid jeopardizing auditor independence and objectivity, the auditor will not review functions for which assistance was provided in an operational or management role within the one year upon return to the role of internal auditor.

Approvals
The Internal Audit Charter for Vulcan Materials Company, as presented to the Audit Committee of the Board of Directors, is hereby approved this ____th day of _____________ 2018.

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Kevin Jackson, Director, Internal Audit

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Jason Teter, Vice President, Finance

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Richard T. O’Brien, Chairman, Audit Committee