

Polycom, Inc.
Internal Audit Organization
Charter Statement

POLICY

Polycom, Inc. and its subsidiaries, hereafter referred to as “Polycom” or “the Company”, supports Internal Audit as an independent appraisal function to examine and evaluate the Company’s activities as a service to management. The objectives of internal auditing are to assist the Board of Directors and management in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control and sound business practices at a reasonable cost.

MISSION

Polycom’s internal audit function is an independent, objective assurance and consulting activity. It will evaluate and improve the effectiveness of risk management, control and governance processes. The internal audit organization will provide audit coverage, in coordination with the independent auditors, of significant operational and financial reporting risk activities within Polycom and will assist management in ensuring proper control over company assets.

ORGANIZATION

The internal audit function shall be the responsibility of the Company’s Chief Audit Executive (CAE). The Company’s CAE will report to the Polycom Audit Committee of the Board of Directors and have dotted line reporting responsibilities to the Chief Executive Officer. The CAE is responsible for the development, review and modification of audit policies, procedures, and goals for the conduct of audits.

AUTHORIZATION AND RESPONSIBILITIES

At the beginning of each fiscal year, Polycom’s CAE will submit to the Polycom Audit Committee, Chief Executive Officer and Chief Financial Officer an annual audit plan outlining the risk areas to be reviewed during the upcoming year. This annual audit plan should be developed upon evaluation of a risk assessment which would highlight key risk areas facing Polycom. This annual risk assessment will be performed in coordination with the Company’s Enterprise Risk Management evaluation. The Audit Committee must approve any changes to this annual internal audit project plan.

Polycom’s internal audit organization has the authority to audit processes, systems and controls of Polycom regardless of function or geography and shall have full and complete access to any of the Polycom’s records, physical properties, and personnel relevant to the performance of an audit. Internal audit will make special efforts to accommodate the Company’s daily operations in scheduling and conducting reviews. In addition, the internal audit function will keep abreast of the Company’s business activities.

Polycom's internal audit organization will have no direct or indirect responsibility or authority for any of the activities or operations they review. They should not jeopardize their independence by developing and installing procedures, preparing records, or engaging in activities that would normally be reviewed by internal audit. Furthermore, an internal audit does not in any way relieve other persons in Polycom of the responsibilities assigned to them.

Polycom's CAE will attend all Audit Committee meetings. During the Audit Committee meeting, the CAE will report on current internal audit projects and the status of meeting the annual internal audit project plan. The CAE will also attend a private session with the Audit Committee members and the independent auditors each quarter-end. Following this session, the CAE will leave the meeting to allow the Audit Committee to meet privately with the independent auditors.

DEFINITION OF AUDIT SCOPE

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The scope of internal auditing includes:

- Reviewing the reliability, integrity and material accuracy of financial and operating information, including disclosures, and the means used to identify, measure, classify, and report such information.
- Reviewing the procedural or information technology systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have significant impact on operations and reports, and determining whether the organization is in compliance.
- Reviewing compliance with Polycom's policies on ethical business conduct.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing established systems of internal control to ascertain whether they are functioning as designed.
- Reviewing and appraising the economy and efficiency with which resources are employed.

REPORTING RESPONSIBILITIES

A written audit report will be prepared and issued by the internal audit organization following the conclusion of each audit project and will be distributed to the Audit Committee, CEO, CFO, independent auditors and other management, as appropriate. The manager of the activity or department receiving the report will respond to any audit recommendations and the responses will be included in the finalized report. The final report should include:

- Significant findings during the audit work.
- Any difficulties encountered during the course of the audit, including any restrictions on scope or access to information.

- Description of control or procedural weaknesses discovered and suggested corrective actions to address the weaknesses.
- A timetable for anticipated completion of action to be taken and an explanation for any recommendations that will not be addressed.

For audit reports with corrective actions noted, a follow-up review should be planned within the appropriate timeframe to allow for the corrections to be made. A follow-up report should be presented to the Audit Committee to report on the effectiveness of the corrective actions taken.

CODE OF ETHICS

Polycom's internal audit organization or any staff working on behalf of Polycom's internal audit organization has a responsibility to conduct themselves so that their integrity, objectivity, confidentiality, and competency are not open to question. Standards of professional behavior are based upon the Code of Ethics issued by the Institute of Internal Auditors. These internal audit members, including both internal and external staff, will:

- Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- Exhibit loyalty in all matters pertaining to the affairs of Polycom and not knowingly be a party to any illegal or improper activity.
- Refrain from entering into any activity which may be in conflict with the interest of Polycom or which would prejudice their ability to objectively carry out their duties.
- Decline to accept anything that may impair or be presumed to impair their professional judgment.
- Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner that knowingly would be detrimental to the welfare of Polycom.
- Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and, in reporting, reveal such material facts known to them which, if not revealed, could distort the report of the results of operations under review or conceal an unlawful practice.
- Engage only in those projects which they have the necessary knowledge, skill, and experience.
- Continue to strive for improvement in the proficiency and effectiveness of their service.