

# THE AZEK COMPANY INC.

## AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### CHARTER

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#### **PURPOSE**

The primary function of The AZEK Company Inc. Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of The AZEK Company Inc. (the “Company”) in fulfilling its oversight responsibilities related to (1) the quality and integrity of the financial statements of the Company, (2) the Company’s compliance with legal and regulatory requirements, (3) oversight of internal controls, (4) the qualifications, performance and independence of the Company’s independent registered public accounting firm, and (5) the performance of the Company’s internal audit function. In addition, the Committee shall oversee preparation of the audit committee disclosure to be included in the Company’s annual proxy statement.

#### **COMPOSITION**

The Committee shall consist of not less than three directors, each of whom must meet the qualification and independence requirements of the NYSE listing rules and the independence standards set forth in Rule 10A-3 of the Securities Exchange Act of 1934. Each member of the Committee must be financially literate, as determined by the Board. At least one member of the Committee must have accounting or related financial management expertise, as determined by the Board. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have accounting or related financial management expertise. The Board shall designate one member of the Committee as its chairperson. No member of the Committee may serve simultaneously on the audit committee of more than two other public companies without prior approval of the Board.

#### **MEETINGS**

The Committee will meet at least four times a year and, in any event, at least quarterly, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The majority of Committee members must be present to constitute a quorum, and the vote of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. Committee meetings will regularly be concluded with an executive session of the Committee, without members of management. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The Committee shall keep minutes and will make regular reports to the Board on such meetings,

and on such other matters as the Committee deems otherwise necessary or advisable. Reports to the Board may take the form of an oral report from the Committee's chairperson or any other member of the Committee designated by the Committee's chairperson to make such report. The Committee will meet privately and on a periodic basis with Company officers, external auditors, internal auditors and, as necessary, outside counsel.

## **RESPONSIBILITIES**

The Committee will carry out the following responsibilities:

### **Financial Statements:**

- Meet with the Company's external auditors and management to review and discuss the annual audited financial statements and quarterly financial statements, including reviewing the Company's disclosures within the footnotes to the financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's periodic reports.
- In connection with review of the annual financial statements, consider and discuss with the Company's external auditors and management the matters required to be discussed by the external auditors under Auditing Standard No. 1301, as adopted by the PCAOB and amended from time to time, including any problems or difficulties the external auditors encountered in the course of the audit and management's response.
- Review and discuss earnings press releases and generally discuss the type and presentation of (1) information to be included in earnings press releases (in particular any use of "pro forma" or "adjusted" non-GAAP information) and (2) financial information and earnings guidance provided to analysts and rating agencies.
- Based on such review of the audited financial statements and of the independence of the external auditors, as further described below, provide the Board with a recommendation as to the inclusion of the Company's financial statements in the Company's annual report on Form 10-K and oversee preparation of the audit committee report required to be included in the Company's proxy statement.

### **Finance Activities:**

- Provide oversight with respect to the capital structure, and key financial ratios of, the Company, and make recommendations with respect to the Company's treasury policies.
- Review the Company's liquidity position, including the Company's credit facilities.
- Review and recommend, if needed, to the Board any issuance of debt securities or engaging in other forms of material financing (other than any financing calling for the issuance of common stock) on the part of the Company or any of its subsidiaries or affiliates.
- Oversee compliance with financial covenants and authorize the prepayment, redemption, repurchase or defeasance of material indebtedness of the Company.
- Review the Company's credit ratings and monitor its activities with respect to credit rating agencies.

- Annually review the Company's insurance programs.
- Annually review the Company's delegations of financial authority, including the thresholds for which management must seek Board approval, and recommend any changes to the full Board.

**Internal Control:**

- Understand and assess the processes and controls management has put in place and understand whether those processes and controls are designed and operating effectively. Assess the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports of significant findings and recommendations, together with management's responses.
- Consider and discuss with the Company's external auditors and management any 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.
- Review scope and staffing of the annual audit.
- Review and discuss with the CEO and CFO the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are likely to adversely affect the Company's ability to record, process summarize and report financial information, and the existence of any fraud whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting and any issues arising under their certifications of the Company's quarterly and annual reports filed with the SEC.
- Review and discuss significant changes to the Company's auditing and accounting policies, controls, procedures and practices proposed or contemplated by the independent auditors, the internal audit department, or management.
- Receive reports from management regarding, and review and discuss the adequacy and effectiveness of, the Company's disclosure controls and procedures.

**Internal Audit:**

- Review the regular internal reports to management prepared by the internal audit function and management's response.
- Review with management the charter, plans, activities, budget, staffing, resources, and organizational structure of the internal audit function.
- Approve the internal audit charter and risk-based audit plan on no less than an annual basis.
- Review and concur in the appointment, replacement, or dismissal, and the compensation, of the Director or Vice President of Internal Audit.
- Review the effectiveness of the internal audit function.
- On a regular basis, meet separately with the head of the internal audit department.
- See that the internal audit function has adequate resources.

## **External Audit:**

- The Committee shall be responsible for the appointment, compensation, retention and oversight of the independent auditors.
- Communicate with the external auditors, who will report directly to the Committee.
- Review the external auditors' proposed audit scope and approach.
- Review with management and the Company's independent auditors: any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.
- Review and discuss with the independent auditor any problems or difficulties encountered in the course of the audit and management's response. Oversee the resolution of disagreements between management and the independent auditor if they arise.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on a regular basis, not less than once per year, describing (1) the external auditors' internal quality-control procedures; (2) any material issues raised by (a) the most recent internal quality-control review or peer review of the auditing firm, or (b) any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (3) all relationships between the external auditors and the Company or individuals in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the auditors' independence, consistent with the PCAOB's Independence Rule 3526, Communicating with Audit Committees Concerning Independence.
- Establish clear policies for the Company's hiring of current or former employees of the external auditors.
- On a regular basis, meet separately with the external auditors.
- Discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Company, including the independent auditor's response to any identified accounting deficiencies.
- Review and evaluate the qualifications, performance and independence of the independent auditor and the lead partner of the independent auditors.
- Discuss with management and independent auditors the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team member.
- Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.

## **Compliance and Risk Management:**

- Review and discuss with management the annual enterprise risk assessment plan,

including the guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk.

- Review and discuss with management (1) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (2) risks related to matters including financial reporting, the Company's internal controls and disclosure controls, and cybersecurity.
- Review the Company's policies and practices related to compliance with laws and regulations, including oversight of procedures for (i) the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or federal securities laws matters; (ii) mechanisms for identification of fraud risks and implementation of antifraud measures; and (iii) the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and company legal counsel, who shall have the authority to communicate directly to the Committee about actual and alleged violations of law or the code of conduct, regarding legal, compliance or regulatory matters, in particular those that may have a material effect on the financial statements or the Company's business.

#### **Reporting Responsibilities:**

- Regularly report to the Board about Committee activities, issues, and related recommendations.
- Provide an open avenue for communication between internal audit, the external auditors, and the Board.
- Review any other reports the Company issues that relate to Committee responsibilities.

#### **Other Responsibilities:**

- Develop and recommend to the Board for approval a Company policy for the review and approval of related person transactions, and review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) on an ongoing basis and in accordance with the Company's related person transaction approval policy.
- When appropriate and as needed, review, approve and recommend material financial transactions affecting the Company.
- Review and assess the adequacy of the Committee charter and recommend proposed changes to the Board at least annually and ensure appropriate disclosure as may be required by law or regulation.
- Annually review and address Committee membership composition to assess whether members possess the independence, knowledge and experience to be effective. Consider and plan for succession of Committee members.
- Determine the appropriate funding to be provided by the Company for payment of

those ordinary administrative expenses which are necessary or appropriate to carry out the Committee's duties and responsibilities.

- Perform other activities related to this charter as requested by the Board.

## **OUTSIDE ADVISORS AND FUNDING**

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside advisors as it deems necessary or appropriate to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside advisors.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- Compensation to any independent auditors; The Audit Committee chairperson or an Audit Committee designee shall have the discretion to approve for payment any such non-audit services in excess of the annual budget for such services so long as the excess is less than \$75,000 per fiscal year.
- Compensation of any advisers employed by the Committee.
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **DELEGATION**

The Committee may delegate authority to act upon specific matters within defined parameters to a subcommittee consisting of one or more members of the Committee, unless prohibited by applicable law, regulation or exchange listing standard. Any such subcommittee shall have a charter and shall report any action to the full Committee at the next meeting.

## **PERFORMANCE EVALUATION AND REVIEW OF CHARTER**

The Committee will conduct an evaluation of the Committee's performance at least annually. The Committee will also review the Committee's Charter, assess its adequacy and recommend proposed changes to the Board at least annually.

The purposes and responsibilities outlined in this Charter are meant to serve as guidelines, and the Committee may adopt such additional procedures and standards as it deems necessary or advisable from time to time to fulfill its responsibilities or comply with applicable laws, rules or regulations. In addition, the Committee may amend any procedures or standards set forth in this Charter as it deems necessary from time to time to comply with applicable laws, rules or regulations. This Charter, and any amendments thereto, shall be displayed on the Company's web site and a printed copy of such shall be made available to any shareholder of the Company who requests it.