



BMC STOCK HOLDINGS, INC.

AUDIT COMMITTEE CHARTER

Revised on February 12, 2020

I. Membership

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of BMC Stock Holdings, Inc. (the “Company”) shall consist of at least three directors from the Company’s Board. All Committee members shall (1) meet the applicable independence requirements of the Nasdaq Stock Market (“Nasdaq”) and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including Rule 10A-3 thereto or any successor provision, (2) otherwise meet the membership qualification requirements contained in this Charter, and (3) be financially literate. For this purpose, “financially literate” means having the ability to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement. In addition, no Committee member may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. Committee members shall be appointed by the Board in accordance with the Company’s Certificate of Incorporation and Bylaws, and may be removed by the Board at any time for any reason with or without cause. Each member of the Committee shall serve on the Committee until such member’s successor is duly elected and qualified or until his or her earlier death, resignation or removal.

At least one Committee member shall satisfy the definition of an audit committee financial expert as set forth in the federal securities laws.

Committee members may not serve on more than two other public company audit committees unless the Board determines in advance that the ability of the director to serve effectively on the Company’s Audit Committee would not be impaired. If the Board determines that a director can serve effectively on more than two other public company audit committees, the Board will disclose a specific explanation of its determination in the annual proxy statement or Form 10-K or as otherwise required by Nasdaq.

II. Purpose

The Committee’s primary purposes are to oversee:

- the accounting and financial reporting processes of the Company and its subsidiaries, including the audits of the Company’s financial statements and the integrity of the Company’s financial statements; (2) the Company’s compliance with legal and

regulatory requirements; (3) the independent auditor's qualifications and independence; and (4) the performance of the Company's internal audit function and independent auditors; and

- preparation of the report required by the Securities and Exchange Commission ("SEC") for inclusion in the Company's annual proxy statement.

In discharging its duties, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles ("GAAP"). This is the responsibility of the Company's management and independent auditors. Each member of the Committee, in exercising his or her business judgment, shall be entitled to rely in good faith on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and on the accuracy of the financial and other information provided to the Committee by such persons or organizations unless he or she has reason to inquire further.

III. Structure and Operations

The Board shall designate one of the members of the Committee to serve as Chair of the Committee. The Committee shall meet periodically (but no less frequently than quarterly) at such times as it determines to be necessary or appropriate and shall periodically report to the Board regarding any issues that arise 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, the performance of the internal audit function or any other issues, recommendations or findings as it deems appropriate.

The Chair of the Committee or any two Committee members shall have the power to call a meeting of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The action of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may act in writing by the unanimous consent of its members in lieu of a meeting. The Committee may invite members of management or others to attend all or a portion of its meetings. The Committee may designate a non-voting Secretary or Acting Secretary of the Committee, who shall assist in the administration of the Committee's meetings and prepare the minutes of such meetings, as requested by the Committee. The Committee shall have the opportunity at each regularly scheduled meeting to meet in executive session without the presence of management. In addition, the Committee shall meet periodically with management, with the head of internal audit, with the independent auditors, and with the general counsel in separate executive sessions to discuss any matters that the Committee or each of these persons or groups believes should be discussed privately. The Committee may delegate any of its responsibilities to one or more subcommittees as it may deem appropriate to the extent allowed by applicable law and Nasdaq rules.

IV. Authority and Resources

The Committee is directly responsible for the appointment (subject, if applicable, to stockholder ratification), compensation, retention and oversight of any independent 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, and the independent registered public accounting firm must report directly to the Committee.

In discharging its responsibilities, the Committee is empowered to investigate any matter brought to its attention with unrestricted access to the Company's books, records and facilities and Company personnel. The Committee also shall have the authority to engage outside legal, accounting or other advisors as the Committee determines to be necessary or advisable in carrying out its responsibilities. The Company shall pay to any independent registered public accounting firm or outside legal or other advisor retained by the Committee such compensation, including without limitation usual and customary expenses and charges, as shall be determined by the Committee. The Company also shall pay such ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties as shall be determined by the Committee.

V. Responsibilities

The responsibilities of the Committee shall include the following, along with any other matters as the Board may delegate to the Committee from time to time:

Financial Statements and Disclosures

1. Review and discuss with management and the independent auditors:

- The Company's annual audited financial statements and quarterly unaudited financial statements. This review must be conducted at a meeting and must include a review of the Company's specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations. The Committee shall recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
- Matters required to be discussed with the independent auditors by applicable SEC rules and Public Company Accounting Oversight Board ("PCAOB") standards, including: (a) any illegal acts, (b) related party transactions, (c) critical accounting policies and practices, (d) alternative treatments of financial information within GAAP that have been discussed with management, along with the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors, and (e) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- Significant issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and significant issues as to the adequacy and

effectiveness of the Company's internal controls or any risks of financial misstatements and any special audit steps adopted in light of significant control deficiencies or significant risks of financial misstatements, as well as complex or unusual transactions and recent regulatory pronouncements.

- Analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements.
 - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
2. Review and discuss the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies.
 3. Review and discuss the Company's policies and guidelines with respect to risk assessment and management, the Company's major financial risk exposures, and risks related to the Company's financial statements, compliance and internal controls and other risk exposures for the Company.
 4. Oversee the adequacy and effectiveness of the Company's internal control over financial reporting, including reviewing disclosures made by the Chief Executive Officer and the Chief Financial Officer regarding any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting, and any fraud that involves management or other employees that have a significant role in the Company's internal control over financial reporting and discuss any steps taken to address such deficiency, weakness or fraud.
 5. Oversee the adequacy and effectiveness of, and receive reports from management regarding, the Company's disclosure controls and procedures.

Ethical and Legal Compliance

6. Establish and oversee procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and federal securities laws matters, and (b) the confidential, anonymous submission by Company employees of concerns regarding accounting, internal accounting controls, auditing and federal securities law matters.
7. Oversee the Company's compliance program with respect to legal and regulatory requirements, and oversee, periodically review, and recommend changes to the Code of Business Conduct and Ethics for approval by the Board from time to time.
8. Receive and review reports of attorneys or others with respect to evidence of material violations of laws or breaches of fiduciary duty related to matters set forth in this Charter.

9. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports, which raise material issues regarding the Company's financial statements or accounting policies.
10. Discuss with the Company's general counsel legal matters that may have a material impact on the Company's financial statements or compliance policies.

Independent Auditors

11. Select, determine the compensation of, and oversee the Company's independent auditors. As part of its oversight function, the Committee shall resolve any disagreements between management and the independent auditors regarding financial reporting. The Committee also shall propose and approve the discharge of the independent auditors when circumstances warrant.
12. Approve the annual audit fees to be paid to the independent auditors. Pre-approve all audit services, as well as all permitted non-audit services (including fees and terms thereof) to be performed for the Company by the independent auditors as and to the extent required by the Exchange Act and the Sarbanes-Oxley Act of 2002. The Committee must consider whether the provision of permitted non-audit services by the independent auditors is compatible with maintaining the auditor's independence, and shall solicit the input of management and the independent auditors on that issue. The Committee Chair (or any Committee member if the Chair is unavailable) may pre-approve such services in between Committee meetings; provided, however, that the Chair (or such other Committee member) must disclose all such pre-approved services to the full Committee at the next scheduled meeting. The Committee may adopt pre-approval policies and procedures detailed as to particular services and delegate pre-approval authority to a member of the Committee.
13. At least annually, obtain and review a report by the independent auditors describing (a) the audit firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry, review, or investigation by governmental or professional authorities (including the PCAOB), within the last five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to address any such issues, and (c) to assess the auditor's independence and all relationships between the audit firm and the Company.
14. After reviewing the independent auditors' report referred to in the paragraph above, annually evaluate and take appropriate action to oversee the qualifications, performance and independence of the independent auditors, including a review and evaluation of the lead partner on the audit, taking into account the opinions of management and the Company's internal auditors. As part of this independence review, the Committee should oversee the rotation of the lead, concurring and other audit partners as required by law, and review and discuss with the independent auditors all significant relationships they have with the Company that could reasonably be thought to bear on the auditors' independence and whether to retain the Company's auditor for the next fiscal year. The Committee shall present its conclusions with respect to the independent auditors to the Board.

15. At least annually, discuss with the independent auditors, out of the presence of management if deemed appropriate:
 - The overall scope, planning and staffing of the annual audit.
 - The matters required to be discussed by PCAOB Auditing Standard No. 1301, as amended from time to time, relating to the conduct of the audit.
 - Any audit problems or difficulties, and management's response, including a discussion regarding: (a) any restrictions on the scope of the independent auditors' activities or on access to requested information, (b) any significant disagreements with management, (c) any accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise), (d) any communications between the independent audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement, (e) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company and (f) the responsibilities, budget and staffing of the Company's internal audit function.
16. Set clear hiring policies for current and former employees of the independent auditors.

Internal Auditors

17. Review annually the experience and qualifications of the senior member(s) of the internal audit staff and the quality control procedures of the internal auditors. The Committee shall review and advise and shall have final approval authority with respect to the selection, evaluation, compensation, and removal of the Director of Internal Audit (or, if there is no Director of Internal Audit, the most senior member of the internal audit staff).
18. Review and approve the Internal Audit charter and any changes thereto annually.
19. Review and discuss the performance and effectiveness of the internal audit function, including internal audit department activities, organizational structure and staff qualifications.
20. Approve internal audit department projects and annual budget and receive updates regarding significant changes thereto.
21. Review with the internal audit department the status and results (including remedial actions) of audit projects.
22. Review all significant reports to management prepared by the internal audit department, and management's responses.

Other Responsibilities

23. Oversee preparation of the report required by the rules of the SEC to be included in the Company's annual proxy statement.

24. Review the Company's use of derivative instruments, the purpose and risks of such use and the impact on the Company's financial statements.
25. Establish and periodically review policies and procedures for the review, approval and ratification of related person transactions, as defined in applicable SEC rules, review related person transactions, and oversee other related party transactions governed by applicable accounting standards.
26. Conduct an annual performance review of the Committee and present the results to the Board.
27. Review and reassess the adequacy of this Charter at least once a year, and recommend any proposed changes to the Board.
28. Perform any other activities consistent with this Charter as the Committee or the Board deem necessary or appropriate.

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