

CORNERSTONE Building Brands Audit Committee Charter

Organizational Principles

Introduction

The audit committee (the “Committee”) of the board of directors (the “Board”) of Cornerstone Building Brands, Inc. (the “Company”) plays an important role in providing oversight of the Company and its subsidiaries’ (together, the “Organization”) governance, risk management, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices and the Company’s publicly reported results and disclosures made in its financial statements. The Committee performs its role by providing independent oversight to the governing body (e.g. the Board).

Background

This charter, which governs the work of the Committee, was reviewed and updated by the Committee on May 6, 2019, and subsequently approved by the Board on May 23, 2019.

Purpose

The purpose of the Committee is to provide oversight of the Organization's financial recording and reporting, risk management, and internal control practices. The Committee assists the Board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Authority

The Cornerstone Building Brands Audit Committee Charter (the “Charter”) sets out the authority of the Committee to carry out the responsibilities established for it by the Board as articulated within the Charter.

In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Committee and/or Chief Audit Executive (“CAE”) will follow a prescribed, board approved mechanism for resolution of the matter.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Organization's management and staff should cooperate with Committee requests.

The Committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The Committee is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered public accounting firm employed by the Organization.
- Resolve any disagreements between management and the external auditor regarding financial reporting and other matters.
- Preapprove all auditing and non-audit services performed by auditors.

Composition of the Committee

The Committee will consist of three or more members of the Organization.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board and in accordance with the Stockholders Agreement, dated as of November 16, 2018, by and between the Company and certain of its shareholders (the “Stockholders Agreement”), and may be removed by the Board in accordance with Stockholders Agreement and the Company’s Sixth Amended and Restated Bylaws.

Each member of the Committee shall satisfy the independence requirements relating to directors and audit committee members (a) of the New York Stock Exchange (the “NYSE”) and (b) under Section 10A(m) of the Securities Exchange Act of 1934 and any related rules and regulations promulgated thereunder by the Securities and Exchange Commission. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall qualify as an “audit committee financial expert”, as such qualification is interpreted by the Board in its business judgment. The membership of the Committee shall meet the foregoing requirements within the phase-in periods provided in the NYSE rules, relating to audit committees of public companies following an initial public offering.

A Committee member shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board affirmatively determines that such simultaneous service would not impair the ability of that director to effectively serve on the Committee. Service on more than two other audit committees and the Board’s determination to allow such simultaneous service shall be disclosed to the fullest extent required by the rules and regulations of the NYSE and applicable law.

The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk, and control. Because the responsibilities of the Committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the Committee in response to emerging needs.

The Chair of the Committee

The Board will designate the chair of the Committee and appoint Committee members.

Terms of Office

A Committee member shall serve until their successors are elected or appointed. Continuance of Committee members will be reviewed annually. To ensure continuity within the Committee, the appointment of members should be staggered.

Removal of Committee Member

Members of the Committee may be removed at any time without cause by the affirmative vote of a majority of the Board in accordance with the Stockholders Agreement, if then in effect; and vacancies resulting from resignation or removal shall be filled in accordance with the Stockholders Agreement, if then in effect.

Quorum

The quorum for the Committee will be a simple majority of the members.

Operational Principles

Committee Values

The Committee will conduct itself in accordance with the code of values and ethics of the Organization. The Committee expects that management and staff of the Organization will adhere to these requirements.

Communications

The Committee expects that all communication with management and staff of the Organization as well as with any external assurance providers will be direct, open, and complete.

Work Plan

The Committee chair will collaborate with senior management and the CAE to establish a work plan to ensure that the responsibilities of the Committee are scheduled and will be carried out.

Meeting Agenda

The Committee chair will establish agendas for Committee meetings in consultation with Committee members, senior management, and the CAE.

Information Requirements

The Committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the Committee sufficiently in advance of each Committee meeting.

Executive Sessions

The Committee will schedule, and hold if necessary, a private session with the chief executive officer (CEO), the chief financial officer (CFO), the CAE, external assurance providers (including the Company's external auditors), and with any other officials that the Committee may deem appropriate at each of its meetings.

Preparation and Attendance

Committee members are obligated to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Committee members should adhere to the Organization's code of conduct and any values and ethics established by the Organization. It is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

Orientation and Training

Committee members shall receive formal orientation training on the purpose and mandate of the Committee and on the Organization's objectives. A process of continuing education shall be established.

Operational Procedures

Meetings

The Committee will meet at least quarterly or more frequently as the Committee deems necessary. The time frame between Committee meetings should not exceed four months. Meetings of the Committee may be held telephonically, and any member may participate in any meeting telephonically.

Minutes

Minutes will be prepared in accordance with applicable law, regulation, Bylaws, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least two weeks after the Committee meeting.

Required Attendance

The CAE and CFO are required to attend all Committee meetings.

Secretariat Services

The CAE (or another appropriate designee) will facilitate and coordinate meetings as well as provide ancillary support to the committee, as time and resources permit.

Responsibilities

It is the responsibility of the Committee to provide the Board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the Organization:

Values and Ethics

To obtain reasonable assurance with respect to the Organization's values and ethics practices, the Committee will:

- Review and assess the policies, procedures, and practices established by the Board to monitor conformance with its code of conduct and ethical policies by all managers and staff of the Organization.
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all of the managers and staff of the Organization.
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

Organizational Governance

To obtain reasonable assurance with respect to the Organization's governance process, the Committee will review and provide advice on the governance process established and maintained within the Organization and the procedures in place to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Organization's risk management practices, the Committee will:

- Annually review the Organization's risk profile.
- Obtain from the CAE an annual report on management's implementation and maintenance of an appropriate enterprise wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Organization's procedures for the prevention and detection of fraud, the Committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Organization's controls in responding to risks within the Organization's governance, operations and information systems, the Committee will:

- Consider the effectiveness of the Organization's control framework, including information technology security and control.
- Review and provide advice on the control of the Organization as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the Board.

Compliance

The Committee will:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the code of conduct to the Organization's personnel and for monitoring compliance.
- Obtain regular updates from management and the Organization's legal counsel regarding compliance matters.

Oversight of the Internal Audit Activity and Other Assurance Providers

Internal Audit Activity

To obtain reasonable assurance with respect to work of the internal audit activity, the Committee will provide oversight related to:

Internal Audit Charter and Resources

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditors' ("IIA") International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Organization and reflects developments in the professional practice of internal auditing.
- Advise the Board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

CAE Performance

- Advise the Board regarding the qualifications and recruitment, appointment, and removal of the CAE.
- Provide input to management related to evaluating the performance of the CAE.
- Recommend to management or the Board the appropriate compensation of the CAE.

Internal Audit Strategy and Plan

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures, and outcomes.
- Review and approve proposed risk-based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagement work program, including reviewing internal audit resources necessary to achieve the plan.

- Review the internal audit activity's performance relative to its audit plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire of the CAE whether any internal audit engagements or non-audit engagements have been completed but not reported to the Committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Committee.
- Consideration will be given to conducting an external quality assurance review of the internal audit function as determined to be needed by the Committee.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity.

External Auditors

To obtain reasonable assurance with respect to work of the external assurance providers, the Committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The Committee will:

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Obtain statements from the external auditors about their relationships with the Organization, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on action plans.

To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the Committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

Financial Statements and Public Accountability Reporting

The Committee is responsible for oversight of the independent audit of the Organization's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

The Committee will:

- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with management and external auditors before filing with regulators and consider whether they are complete and consistent with the information known to Committee members.

Other Responsibilities

In addition, the Committee will:

- Perform other activities related to this charter as requested by Board.
- Institute and oversee special investigations as needed.
- Regularly evaluate its performance and that of its individual members.

Reporting on Committee Performance

The Committee will report to the Board annually, summarizing the committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Board or during a regularly scheduled meeting of the Board.

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing Organization.
- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The Committee may report to the Board at any time regarding any other matter it deems of sufficient importance.

Limitation of Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and are in accordance with generally accepted accounting principles and applicable rule and regulations. These are the responsibilities of management and the independent auditor. In carrying out its oversight responsibilities set forth in this Charter, members of the Committee are not providing expert or special assurance with respect to the Company's financial statements, or any professional certification as to the work of the independent auditor, including with respect to auditor independence.