

ADVANCED DRAINAGE SYSTEMS, INC.

Audit Committee Charter

I. Purpose and Authority

The Audit Committee (the “Committee”) is appointed by the Board of Directors of Advanced Drainage Systems, Inc. (the “Company”) for the primary purpose of assisting the Board in:

- A. overseeing the integrity of the Company’s financial statements and the Company’s accounting and financial reporting processes and financial statement audits;
- B. overseeing the Company’s compliance with legal and regulatory requirements, including the Company’s ethical standards and policies;
- C. overseeing the independent auditor’s qualifications and independence;
- D. overseeing the performance of the Company’s independent auditor and internal audit function; and
- E. overseeing the Company’s systems of controls and procedures, including disclosure controls and procedures and internal controls over financial reporting.

The Committee is also responsible facilitating open communication among the independent auditor, financial and senior management, the internal audit function, and the Board of Directors.

The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

The Company will provide appropriate funding, as determined by the Committee, for compensation to the independent auditor, to any advisers that the Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Audit Committee Charter (“Charter”).

II. Composition and Meetings

The Committee will consist of three or more directors as determined by the Board. All members must meet the independence and experience requirements of the New York Stock Exchange, the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules and regulations of the Securities and Exchange Commission (the “SEC”), the Company’s Corporate Governance Guidelines and any standards of independence as may be prescribed by any applicable listing standards, laws and regulations relating to the Committee’s duties and responsibilities. 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.

Committee members will be appointed by the Board at the annual organizational meeting of the Board to serve until their successors are elected. Unless a chairperson is elected by the full Board, the members of the Committee may designate a chairperson by majority vote.

The Committee shall meet as often as it deems appropriate; provided, however, that the Committee shall meet at least quarterly. The Committee chairperson will approve the agenda for the Committee’s meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee in advance of its meetings to the extent practicable. The Committee shall meet in executive session at such times as it determines. As part of its responsibility to foster open communication, the Committee will meet periodically with management, the director or manager of the internal audit function, and the independent auditor in separate executive sessions. The Chair of the Committee shall have the sole authority to call the Committee into executive session; provided, that, any member of the Committee may request that the Chair call an executive session, subject to the Chair’s discretion. In addition, the Committee will meet with the independent auditor and management to discuss the annual audited financial statements.

III. Responsibilities and Duties

The Committee will have the following responsibilities in carrying out its stated purposes. The Committee will also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in the purposes and authority section of this Charter above:

1. The Committee shall review and approve the disclosure required by Item 407(d)(3)(i) of Regulation S-K for inclusion in the Company’s annual proxy statement.
2. The Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Committee, in its discretion, may solicit proposals from audit firms to serve as the Company’s independent auditor at such times as it deems appropriate. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the

work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee and the Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor.

3. The Committee shall preapprove all audit, audit-related and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit, audit-related and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.
4. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including disclosures made under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Company's Form 10-K, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
5. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements and the disclosures made under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Company's Form 10-Q.
6. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
7. Review and discuss quarterly reports from the independent auditors on:
 - (a) All critical accounting policies and practices to be used.
 - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - (c) Other material written communications between the independent auditor and management.

8. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "operating" non-GAAP information as permissible, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (to consist of discussing the types of information to be disclosed and the types of presentations to be made).
9. Discuss with management and the independent auditor the effect of accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
10. Discuss with management, the internal auditor, and the independent auditor the major financial risks and exposures and the steps management has taken to monitor, minimize or control such risks or exposures, including the Company's risk assessment and risk management policies.
11. Discuss with the independent auditor the matters required to be discussed by the Public Company Accounting Oversight Board's Auditing Standards, including Auditing Standard No. 16 (Communications with Audit Committees) which relates to the conduct of the audit, including any difficulties encountered in the course of the audit work, restrictions on the scope of activities or access to requested information, and any significant disagreements with management, and management's response.
12. In consultation with the independent auditor and the internal audit function, review the integrity of the Company's financial reporting processes (both internal and external).
13. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls. In the event of any financial information restatement due to material noncompliance as a result of misconduct, the Committee will establish procedures that address forfeiture of bonuses and profits for the Chief Executive Officer and Chief Financial Officer.
14. At least annually, obtain and review a report by the independent auditor describing: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality control review, or peer review, or by any inquiry or investigation by any governmental or professional authorities within the past five years with respect to one or more independent audits carried out by the independent auditor, and any steps taken to address such issues; and (c) all relationships between the independent auditor and the Company.
15. Obtain the written disclosures and letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and discuss with the independent auditor its independence.

16. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the independent auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence, and taking into account the opinions of management and internal auditors. This evaluation shall include a review and evaluation of the lead (or coordinating) audit partner.
17. Monitor the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
18. Present the Committee's conclusions regarding (a) its evaluation of the independent auditor's qualifications, (b) the lead partner's experience and qualifications and (c) the rotation of the auditors to the full Board.
19. Establish Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
20. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
21. Ensure that the Company's internal audit function reports directly to the Committee.
22. Review the appointment and replacement of the internal auditor.
23. Discuss with the independent auditor and management the responsibilities, audit coverage and staffing of the internal audit function, as well as the qualifications of its personnel.
24. Review, recommend changes and approve the internal audit charter at least annually.
25. Review and approve the internal auditor's annual audit plan.
26. Receive reports on the results of the internal auditor's annual audit plan, including significant reports made to management and related management responses. Periodically review, with the internal audit director, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
27. Periodically review, with the independent auditor, the internal audit function's responsibility, budget and staffing.
28. Conduct annual performance reviews of the internal audit function.
29. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

30. Consider the risk of management's ability to override the Company's internal controls.
31. Review with management, the Company's finance function, including its budget, organization, and quality of personnel.
32. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
33. Periodically review, recommend changes to, and monitor compliance with the Company's policies and procedures for accounting, securities and legal violations.
34. 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.
35. Discuss with the Company's general counsel legal matters that may have a material impact on the financial statements or the Company's financial and accounting compliance policies.
36. Receive quarterly written reports from and discuss with the Company's chief compliance officer any issues that may have a material impact on the Company's compliance with state and federal laws, rules, regulations or the standards or codes of conduct of self-regulatory organizations applicable to the Company's activities.
37. The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain legal, accounting or other advisors and shall have sole authority to approve the advisors' fees and other retention terms, including the authority to limit the amount of fees the advisor may earn from other services provided to the Company. The Company shall provide appropriate funding, as determined by the Committee, to allow the Committee to perform its functions, including for the fees and expenses of the outside advisors to the Committee.
38. The Chair of the Committee shall report periodically to the Board on the Committee's activities. The Committee shall maintain minutes of its meetings.
39. The Committee shall annually review and assess the adequacy of its Charter and recommend to the Board any changes to this Charter. The Committee shall annually review its own performance, assessing the skills and resources required to meet its obligations under this Charter, and shall recommend to the Board such enhancements as the Committee deems prudent.
40. The Committee shall carry out such other duties as may be delegated to it by the Board from time to time.

Limit 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, to prepare the Company's financial statements or disclosures or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies used by the Company. The independent auditors are responsible for auditing the Company's financial statements and reviewing the Company's unaudited interim financial statements. Likewise, it is not the Committee's responsibility to assure that the Company complies with specific legal requirements or the Company's ethics or business conduct systems. Each member of the Committee will be entitled to rely, to the fullest extent permitted by law, upon the integrity of those persons or organizations within and outside the Company from whom it receives information, and the accuracy of the information.

IV. Amendments

Any amendments to this Charter must be approved or ratified by a majority vote of the Board, including a majority of independent Directors.

V. Disclosure of Charter

This Charter will be made available on the Company's website.

Effective Date: This Charter was adopted by the Board of Directors on May 7, 2014, effective July 30, 2014.