



**ADVANCED DRAINAGE SYSTEMS, INC.
RELATED PERSONS TRANSACTIONS POLICY**

Under the rules of the Securities and Exchange Commission (“*SEC*”), Advanced Drainage Systems, Inc. (“*ADS*”) must disclose business transactions that meet specified criteria between ADS and its subsidiaries, on the one hand, and all Related Persons (as defined below), on the other hand. In addition, the SEC rules require ADS to describe its policies and procedures for the review, approval or ratification of related person transactions that are reportable under the SEC rules, and whether these policies are in writing.

This Policy applies to all Related Persons of ADS.

It is the policy of the ADS Board of Directors that the Nominating and Corporate Governance Committee of the ADS Board of Directors shall review and, when appropriate, approve or ratify all Related Person Transactions (as defined below) in accordance with this Policy.

DEFINITIONS

Transactions to Which the Policy Applies

A “*Related Person Transaction*” is any transaction directly involving a Related Party that would be required to be disclosed under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. Item 404(a) currently requires ADS to disclose any transaction occurring since the beginning of its last fiscal year, after March 31, 2014, or any currently proposed transaction, involving the Company in which the amount involved exceeds \$120,000, and in which any Related Party had or will have a direct or indirect material interest; and any material amendment or modification to an existing Related Party Transaction regardless of whether such transaction has previously been approved in accordance with this policy.

The ADS Board of Directors (the “*Board*”) has determined that the following do not create a material direct or indirect interest on behalf of the Related Person and are therefore not Related Person Transactions for purposes of this Policy:

- the transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
- the transaction is one in which the interest of the Related Person arises solely from the ownership of ADS stock and all holders of that class or series of stock receive the same benefit on a pro rata basis;

- the transaction involves the payment of compensation to an employee of ADS or any of its subsidiaries and the compensation has been approved by the Compensation Committee of the Board;
- the transaction involves the payment of compensation to members of the Board and such compensation is described in ADS's proxy statement in accordance with the SEC rules;
- interests arising only from the Related Person's position as a director of another corporation or organization that is a party to the transaction;
- interests arising only from the direct or indirect ownership by the Related Person and all other Related Persons in the aggregate of less than a 10% equity interest (other than a general partnership interest) in another entity which is a party to the transaction; and
- interests arising solely from the Related Person's position as an executive officer of another entity that, during any of the three preceding fiscal years, made payments to, or received payments from, ADS for property or services in an amount not exceeding the greater of \$1 million or 2% of such other entity's consolidated gross revenues during such fiscal year.

Persons to Whom and Entities to Which the Policy Applies

A "***Related Person***" is

- any person who is, or at any time since the beginning of ADS's last fiscal year, after March 31, 2014, was, a Director of ADS, a nominee to become a Director of ADS or an Executive Officer of ADS;
- any person who is known to be the beneficial owner of more than 5% of any class of ADS's voting securities (a "***Five Percent Owner***");
- any **immediate family member** of any of the foregoing persons; and
- any firm, corporation or other entity by which any of the foregoing persons is employed or in which such person is a general partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest (a "***related entity***").

An "***Executive Officer***" means any employee who is, or at any time since the beginning of ADS's last fiscal year was, an executive officer as defined by Rule 3b-7 under the Securities Exchange Act of 1934.

An "***immediate family member***" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or person sharing the household (other than a tenant or employee) of a specified person.

Identification and Notification of Related Person Transactions

Each Director and Executive Officer of ADS has primary responsibility for the administration of and compliance with this Policy as it relates to them.

Any person nominated to serve as a Director or proposed to be appointed an Executive Officer (other than an incumbent Director or Executive Officer) shall furnish to the Chief Executive Officer of ADS (the "CEO") a list of pre-existing and proposed transactions involving such person or his or her immediate family members or related entities that would constitute or would be expected to constitute a Related Party Transaction if such person were elected or appointed. If any such potential Related Party Transactions exist or are proposed, the CEO shall coordinate with the Nominating and Corporate Governance Committee to seek ratification or approval at a Nominating and Corporate Governance Committee meeting to be held prior to the time such Related Person is elected or appointed to his or her respective position.

If any Director or Executive Officer or any immediate family member or related entity of such Related Person proposes to enter into a transaction, or if ADS proposes to enter into a transaction with a Five Percent Owner, that is expected to be a Related Person Transaction, then, prior to entering into such transaction, such Related Person, or, in the case of a transaction with a Five Percent Owner, an Executive Officer with knowledge of the proposed transaction, shall notify the CEO and provide sufficient information regarding the proposed transaction as is reasonably available to assist the CEO in determining whether approval of the Nominating and Corporate Governance Committee is required in advance of entering into the proposed transaction.

Approval Procedures for Related Person Transactions

The Nominating and Corporate Governance Committee shall review and consider any proposed Related Person Transaction at its next regularly scheduled meeting. The Nominating and Corporate Governance Committee's review shall be based on all relevant facts and circumstances reasonably available to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall approve only those transactions it determines are fair to and in the best interests of ADS, taking into account all factors deemed relevant by the Nominating and Corporate Governance Committee.

If the CEO determines that it is not practicable or desirable to wait until the next scheduled meeting of the Nominating and Corporate Governance Committee to review and consider a particular transaction, then the Chair of the Nominating and Corporate Governance Committee (the "Chair") is delegated authority under this Policy, to review and consider such transaction at an earlier time, applying the same standard of review applied by the Nominating and Corporate Governance Committee. If the Chair approves any Related Party Transaction, then such approval shall be reported to the Nominating and Corporate Governance Committee at its next scheduled meeting.

Ratification of Related Person Transactions

On an annual basis, each Director and Executive Officer shall submit to the CEO (or other designated officer of ADS), a list of all Related Person Transactions involving such Director or Executive Officer (and his or her immediate family members or related entities) that occurred during the previous fiscal year, including those that have previously been approved

according to this Policy, along with such other information as the CEO shall specify in order to comply with this Policy.

At the next regularly scheduled Nominating and Corporate Governance Committee meeting following receipt of the information described above, the CEO shall report to the Nominating and Corporate Governance Committee whether there were any Related Person Transactions that were not previously reviewed and considered by the Nominating and Corporate Governance Committee. After review of all relevant facts reasonably available to the Nominating and Corporate Governance Committee, the Nominating and Corporate Governance Committee may ratify transactions theretofore unapproved that it finds are fair to and in the best interests of ADS.

If the Nominating and Corporate Governance Committee determines not to ratify a particular transaction, the Nominating and Corporate Governance Committee may direct management to take corrective steps, including but not limited to, amendment or termination of the transaction in question, changes in this Policy or in the procedures for policing this Policy, and discipline of the persons involved.

Adopted/Last Updated: July 30, 2014