



COMPASS GROUP DIVERSIFIED HOLDINGS LLC
AUDIT COMMITTEE CHARTER

This Charter (the “**Charter**”) of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Compass Group Diversified Holdings LLC, a Delaware limited liability company (the “**Company**”), was adopted by the Board effective as of October 26, 2023.

I. Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to the integrity of the Company’s and its subsidiaries’ financial statements, the accounting and financial reporting processes and the financial statement audits.

II. Membership and Qualification

Membership: The Committee shall consist of not fewer than three (3) nor more than seven (7) members. Each member of the Committee shall be designated annually by the Board and shall hold office until such member’s successor is elected and has qualified, unless such member sooner dies, resigns or is removed.

Qualifications: Each Committee member shall be independent in accordance with the requirements of Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the rules of the New York Stock Exchange (the “**NYSE**”) Listing Standards and any successor thereto and satisfy all other applicable requirements for audit committee service imposed by applicable laws, rules and regulations, including the requirement that they not accept directly or indirectly any consulting, advisory, or other compensation from the Company (other than directors’ fees received in his or her capacity as a member of the Committee, the Board or another Committee of the Board). No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three (3) years. All members of the Committee must be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement. No member of the Committee may serve simultaneously on the audit committee of more than two (2) other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

Chair: Unless the Chair of the Committee (the “**Chair**”) is elected by the full Board, the Committee members may designate a Chair.



Resignation, Removal and Replacement: Any member may resign from the Committee at any time upon notice of such resignation to the Company's Secretary. Any member of the Committee who ceases to be independent under the Listing Standards of the NYSE shall promptly resign to the extent required for the Company to comply with applicable laws, rules and regulations. The Board shall have the power at any time to remove a member of the Committee with or without cause, to fill all vacancies, and to designate alternate members to replace any absent or disqualified members, so long as the Committee shall at all times have at least three (3) members and be composed solely of independent Board members.

Financial Expertise: As a matter of best practices, the Committee will endeavor to have at least one of its members with the requisite qualifications to be designated by the Board as an "audit committee financial expert," as such term is defined by Item 407(d)(5)(ii) of Regulation S-K. The Committee shall report to the Board for further action as appropriate, including, but not limited to, a determination by the Board that the Committee membership includes or does not include one or more "audit committee financial experts" and any related disclosure to be made concerning this matter. The designation of a member of the Committee as an "audit committee financial expert" will not increase the duties, obligations or liability of the designee as compared to the duties, obligations and liability imposed on the designee as a member of the Committee and of the Board.

At all times, the Committee will have at least one member who has accounting or related financial management expertise, as determined by the Board. A person who satisfies the definition of "audit committee financial expert" will be presumed to have such expertise.

III. Meetings and Other Actions

The Committee shall hold such regular or special meetings as its members deem necessary or appropriate; provided, however, that the Committee shall meet at least quarterly and the Committee shall meet with the Company's Chief Financial Officer and his/her staff and the Company's independent auditors at least four (4) times per fiscal year. All meetings of and other actions by the Committee shall be held and taken pursuant to the Operating Agreement of the Company (as may be amended, supplemented or otherwise modified from time to time, the "***Operating Agreement***"). The Committee may invite any director who is not a member of the Committee, as well as management, counsel, representatives of service providers or other persons to attend meetings and provide information as the Committee, in its sole discretion, considers appropriate. The Committee shall meet separately, and periodically, with the Company's management, members of the Company's internal audit department, and representatives of the Company's independent auditors.



Unless otherwise authorized by the Board, the Committee shall not delegate any of its authority to any subcommittee.

IV. Responsibilities and Authority

The primary function of the Committee is to oversee the Company's financial reporting and disclosure process, including oversight of management¹ and independent auditors in the production of the Company's financial statements, as well as all controls and procedures relating thereto.

To fulfill this obligation, the Committee is entitled to rely on (i) the Company's management for the preparation and accuracy of the Company's financial statements; (ii) both management and the Company's internal auditors, or other third parties or personnel responsible for the internal audit function, for establishing effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and (iii) the Company's independent auditors for an unbiased, diligent audit or review, as applicable, of the Company's financial statements and the effectiveness of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (the "**PCAOB**") and other procedures. The Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the Company's independent auditors.

In fulfilling the Committee's obligations hereunder, each member of the Committee shall be entitled to rely on (i) the integrity of those persons within and outside the Company and management from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board), and (iii) statements made by the officers and employees of the Company and its subsidiaries or other third parties as to any information technology, internal audit and other non-audit services provided by the independent auditors to the Company.

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 disclosures are complete and accurate and are in accordance with generally accepted principles ("**GAAP**") and applicable rules and regulation. These are the responsibilities of management and the independent auditors.

¹ For purposes of this Charter, the term "**management**" means the appropriate officers of each of the Company and its subsidiaries. Also, for purposes of this Charter, the phrase "**internal accounting staff**" means the appropriate officers and employees of each of the Company and its subsidiaries.



In carrying out its responsibilities, the Committee's policies and procedures shall be adapted, as appropriate, to best react to changing markets and regulatory environments. Nothing in this Charter shall be interpreted as diminishing or derogating the duties, responsibilities or obligations of the Board.

Subject to the requirements of the Operating Agreement, the Committee shall have the authority and responsibilities set forth below; provided, that the following list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the carrying out of its duties.

Independent Auditors

1) *Retention of Independent Auditors, Scope of Duties.* The Committee shall: (a) select and retain a firm or firms of independent registered public accountants to audit the annual financial statements, books, accounts, records, and internal controls over financial reporting of the Company and its subsidiaries, subject to ratification by the Company's shareholders of selection of the independent auditors; (b) approve the terms of compensation of such independent auditors (including negotiating and executing on behalf of the Company engagement letter(s) with such independent auditors); (c) discuss with the independent auditors all critical accounting policies and practices to be used in the audit, the overall audit strategy, scope and timing of the audit, and any significant risks identified during the auditors' risk assessment procedures; (d) oversee the work performed by the Company's independent auditors; and (e) terminate such independent auditors as it deems necessary or appropriate.

The independent auditors shall report directly to the Committee, and the Committee will be authorized to review and discuss with the independent auditors any audit problems or difficulties, including significant difficulties encountered by the Company's independent auditors during their audit work or any restrictions on the scope of their activities or access to required records, data and information, any disagreements that have arisen between management and the independent auditors regarding financial reporting, and management's response to such difficulties or disagreements, and to resolve disputes between management and the independent auditors regarding the audit.

2) *Approval of Audit and Non-Audit Services.* The Committee shall pre-approve any independent auditors' engagement to render audit and/or permissible non-audit services (including the fees charged and proposed to be charged by the independent auditors), subject to the *de minimis* exceptions for non-audit services under Section 10A(i)(1)(B) of the Exchange Act, and as otherwise required by law. The Committee may delegate its pre-approval responsibilities to one or more of its members and may establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors



and other accounting firms on an ongoing basis. The member(s) to whom such responsibility is delegated shall report, for informational purposes only, any pre-approval decisions to the Committee at its next scheduled meeting.

3) Oversight of the Independent Auditors, Independence.

(a) At least annually, the Committee shall obtain and review a formal written statement from the Company's independent auditors that describes: (i) the independent auditors' internal quality-control procedures and the independent auditors' methods for ensuring their independence; (ii) any material issues raised by the most recent internal control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken with regard to any such issues; and (iii) all relationships between the independent auditors and the Company and any of the Company's subsidiaries. The Committee will discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the independent auditors as well as the independent auditors' methods and procedures for ensuring independence.

(b) The Committee shall obtain from the independent auditors annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's quarterly reports or services that are normally provided by the independent auditors in connection with statutory or regulatory filings or engagements; (ii) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

(c) The Committee shall (i) evaluate the qualifications, performance, and independence of the independent auditors, including evaluating the audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit, and the quality and depth of the professional staff assigned to the Company and its subsidiaries; (ii) consider whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence; (iii) monitor the rotation required by Section 10A(j) of the Exchange Act of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit; (iv) ensure the efficiency and appropriateness of the services provided by the independent auditors; and (v) review the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process.



The Committee will consider the opinions of management and the internal accounting staff in connection with the foregoing responsibilities and the presentation of its conclusions with respect to the independent auditors to the Board.

Financial Statements and Disclosure Matters

- 1) *Audit Report.* The Committee shall review the Company's financial statements and discuss with the independent auditors: (a) any matters of concern arising in connection with audits of such financial statements, including any adjustments to such statements recommended by the independent auditors or any other results of the audits; (b) any significant changes in the Company's selection or application of accounting principles; (c) 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 (d) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 2) *Annual Financial Information.* The Committee shall: (a) review and discuss with management and the independent auditors the annual audited financial statements, the form of the audit opinion to be issued by the auditors on the financial statements, and disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K and in the Earnings Release; (b) recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K; and (c) prepare the report to shareholders required to be included in the Company's annual proxy statement under Item 407(d)(3)(i) of Regulation S-K.
- 3) *Quarterly Financial Information.* The Committee shall (a) review and discuss with management and the independent auditors the Company's quarterly unaudited financial statements and reports from the independent auditors relating to: (i) all critical accounting policies and practices to be used; (ii) alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and (iii) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations, in each case, prior to the filing of the Company's Quarterly Reports on Form 10-Q; and (b) recommend to the Board whether such financial statements should be included in the Company's Quarterly Report on Form 10-Q.



4) *Earnings Announcements.* The Committee shall review and discuss with management and the Company's independent auditors the Company's earnings press releases, prior to public release, including, the types of information to be included and the presentation thereof and the use of any pro- forma, adjusted or other non-GAAP financial information, and any financial or non-financial information and earnings guidance provided to analysts and ratings agencies, including the type of information to be disclosed and the type of presentation to be made.

5) *Internal Controls, CEO, CFO Certifications.* The Committee shall:

(a) review with the Company's Chief Executive Officer, Chief Financial Officer, management, the internal auditors or other personnel responsible for the internal audit function, and the independent auditors, the adequacy and effectiveness of the Company's and its subsidiaries' financial reporting processes, internal controls over financial reporting and disclosure controls and procedures, including any significant deficiencies and material weaknesses in the design or operation of, and any material changes in, the Company's processes, controls, procedures, or service providers (such as the Manager or accountants) and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls or procedures;

(b) discuss with management and the Company's independent auditors changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's control over financial reporting; and

(c) review and discuss with management and the Company's independent auditors disclosures relating to the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, the independent auditors' report on the effectiveness of the Company's internal control over financial reporting and the required management certifications made by the Company's Chief Executive Officer and Chief Financial Officer, or persons performing similar roles, to be included in or attached as exhibits to the Company's Annual Report on Form 10-K or Quarterly Report(s) on Form 10-Q, as applicable.

6) *Other Communications with Auditors.* The Committee shall review and discuss with the Company's independent auditors any other matters required to be discussed by PCAOB Auditing Standards No. 1301, *Communications with Audit Committees*, and all other applicable requirements of the PCAOB and the SEC.

7) *Critical Accounting Policies.* The Committee shall: (a) consider and review, as appropriate and in consultation with the independent auditors, the appropriateness and adequacy of the Company's critical financial and accounting policies, internal controls over financial reporting and, as appropriate, the internal controls of key service providers; (b) review management's



responses to the independent auditors' comments relating to the foregoing policies, procedures and controls; and (c) take any necessary action in light of any material control deficiencies.

Compliance Oversight

1) *Complaints and Concerns.* The Committee shall have responsibility for the establishment and oversight of processes and procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls over financial reporting or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, in each case, in accordance with the guidelines set forth in Annex B.

2) *Ethics.* The Committee shall assist the Board in establishing and monitoring compliance with the ethical business practice standards of the Company and review with management (including counsel) and the Director of Internal Audit, the results of their review of compliance with applicable laws, regulations, listing standards, and the Company's Code of Ethics.

3) *Violations.* The Committee shall be designated as and serve as the Qualified Legal Compliance Committee for the Company in accordance with the provisions of Section 307 of the Sarbanes-Oxley Act of 2002. Upon receipt of a report of evidence of a material legal violation, the Committee will notify the Board of such report, investigate and recommend appropriate measures to the Board. If the Company does not appropriately respond, the Committee may take further appropriate action, including notification to the SEC.

4) *Legal Compliance.* The Committee shall consult, on an ongoing basis, with management, the independent auditors and counsel as to legal or regulatory matters affecting its responsibilities, as well as relevant tax, accounting and industry developments. The Committee shall review with management or any external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies. The Committee shall review with management the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities.

5) *Risk Oversight.* The Committee shall discuss with management, the independent auditors, outside counsel, as appropriate, and, in the judgment of the Committee, such special counsel, separate accounting firm and other consultants and advisors as the Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements, accounting policies or internal control over financial reporting.



6) *Cybersecurity.* The Committee shall review and discuss with management emerging cybersecurity developments and threats, the Company's risk relating to cybersecurity and the Company's cybersecurity programs, policies, and practices, including its network security and information security policies and practices, risk mitigation strategies and the internal controls related to information security and cybersecurity.

7) *Hiring Former Auditors.* The Committee shall oversee compliance with the guidelines set forth in Annex A relating to the Company's hiring of employees or former employees of the independent auditors who participated in any capacity in the audit of the Company's financial statements.

Oversight of Company's Internal Audit Function

1) *Internal Audit.* The internal auditor or internal audit service provider, as the case may be, shall report periodically to the Committee regarding any significant deficiencies in the design or operation of the Company's and its subsidiaries' internal control over financial reporting, material weaknesses in the internal control over financial reporting and any fraud (regardless of materiality) involving persons having a significant role in the internal control over financial reporting, as well as any significant changes in internal control over financial reporting implemented by management during the most recent reporting period of the Company.

2) *Risk Oversight.* The Committee shall discuss with management, the internal auditor or internal audit service provider, as the case may be, and the independent auditor, the Company's major risk exposures (whether financial, operational or both) and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

3) *Internal Audit Service Providers.* With respect to outsourcing internal audit services, the Committee shall engage, evaluate and terminate internal audit service providers and approve fees to be paid to such internal audit service providers.

Other

1) *Derivative Transactions.* The Committee shall review and approve decisions by the Company to enter into derivative transactions (including, but not limited to, swaps, put and call options or combinations thereof, caps, floors, collars, and forward or spot exchanges) and related matters, as appropriate, as well as non-cleared swaps that are exempt from the clearing and trade execution requirements established under applicable federal law, rules and regulations, including swaps that are entered into in reliance upon the "end-user exceptions" to the mandatory execution and clearing requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations. The Committee may review and approve



swap transactions submitted to it by management on (a) an individual transaction basis or (b) a blanket basis, with respect to all non-cleared swaps that are exempt from the federal clearing and trade execution requirements, which approval must be reviewed at least annually. The Committee shall periodically review, at least on an annual basis, or more often (particularly in the event of a material change in hedging strategy) and approve the Company's policies for the use of swaps that are entered into in reliance upon the end-user exceptions.

- 2) *Profit Distribution Calculations.* The Committee shall, in accordance with the terms and conditions of the Operating Agreement, review and approve the calculation of any Profit Distribution Payment due to holder(s) of Allocation Interests in the Company when due and payable.
- 3) *Reporting to the Board.* The Committee shall report its activities to the Board on a regular basis and make such recommendations with respect to the matters described above and other matters as the Committee may deem necessary or appropriate.
- 4) *Annual Evaluation.* The Committee shall perform an annual self-evaluation of the Committee's performance and annually reassess the adequacy of and, if appropriate, propose to the Board, any desired changes to, this Charter.
- 5) *Related Party Transactions.* Review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosures of its relationships and transactions with related parties that are significant to the Company.
- 6) *Other.* The Committee shall have such further responsibilities as are given to it from time to time by the Board. The Committee shall consult, on an ongoing basis, with management, the independent auditors and counsel as to legal or regulatory developments affecting its responsibilities, as well as relevant tax, accounting, information technology, cybersecurity and industry developments. The Committee shall monitor any changes in schedules (such as fiscal or tax year-end changes) or structures or transactions that require special accounting activities, services or resources.

The forgoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties.

V. Additional Resources

The Committee shall have the right to use reasonable amounts of time of the Company's independent auditors, outside lawyers and other internal staff and also shall have the sole authority to engage, set the compensation of, terminate and oversee the work, of any independent experts, lawyers, consultants and other advisors to assist and advise the Committee in connection with its responsibilities. The Company will provide the Committee



with appropriate funding, as determined by the Committee, for payment of compensation to the Company's independent auditors, outside lawyers and other consultants hired to assist and advise the Committee in connection with its responsibilities, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall keep the Company's Chief Financial Officer informed of the general range of anticipated expenses for outside consultants.

VI. Amendments/Disclosure of Charter

Any amendments to this Charter must be approved or ratified by a majority vote of the Company's Board, including a majority of independent directors. This Charter will be made available on the Company's website at www.compassdiversified.com.



Annex A

Hiring Guidelines for Employees of the Independent Public Accounting Firm

The Committee has adopted the following practices regarding the hiring by the Company of any employee of its independent public accounting firm who participated in any capacity in the audit of the Company.

- (i) No member of the audit team that is auditing the Company can be hired by the Company in a financial reporting oversight role (as defined in the SEC's Regulation S-X) for a period of one year following association with that audit.
- (ii) The Company's Chief Financial Officer shall report annually to the Committee the profile of the preceding year's hires from the independent auditors.



Annex B

Guidelines for the Submission of Complaints or Concerns Regarding Financial Statement Disclosures, Accounting, Internal Accounting Controls or Auditing Matters

- (i) The Company shall forward to the Committee any complaints or concerns that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
- (ii) The Company shall establish and publish on its website the method(s) through which any employee of the Company may submit, on a confidential, anonymous basis if the employee so desires, any complaints or concerns related to financial statement disclosures, accounting, internal accounting controls or auditing matters of the Company and/or its subsidiaries. The Company may engage the services of a third-party service provider to receive such complaints and concerns on behalf of the Company via telephone, email or other appropriate method.
- (iii) The Committee shall review and consider any such complaints and concerns that it has received and take any action that it deems appropriate in order to respond thereto. The Committee may request special treatment for any complaint or concern, including the retention of outside counsel or other advisors.
- (iv) The Committee shall retain any such complaints or concerns for a period of no less than 5 years.
- (v) The Company's Code of Ethics prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve business conduct or ethical concerns.