

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF ESSENDANT INC.  
(Revised as of December 12, 2017)**

**Purpose:**

The purpose of the Audit Committee (the "Committee") is to assist the Company's Board of Directors (the "Board") in fulfilling its oversight responsibilities relating to: (a) the integrity of the Company's financial statements and its financial reporting and disclosure practices; (b) the soundness of the Company's internal control systems, including its systems of internal accounting and financial controls; (c) the engagement of the Company's outside auditors and the evaluation of their independence, qualifications and performance, as well as the annual independent audit of the Company's financial statements; (d) the performance of the internal audit services function; (e) the Company's compliance with applicable legal and regulatory requirements, as well as with applicable Company business conduct or ethics policies or codes; and (f) the oversight of the Company's Enterprise Risk Management processes. In addition, the Committee will prepare the audit committee report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's proxy statement. The Committee shall provide an open avenue for communication among the internal auditors, the outside auditors, management and the Board of Directors.

**Membership:**

The Committee will consist of at least three members of the Board, all of whom will satisfy the applicable "independence" requirements of The Nasdaq Stock Market ("Nasdaq"), the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any related rules and regulations of the Commission. Among other requirements, no member of the Committee will receive any compensation from the Company other than for his or her service on the Board or any of its committees. Each member of the Committee also will meet the Nasdaq financial literacy and experience requirements, and at least one Committee member will satisfy Nasdaq's additional financial sophistication requirements. In addition, the Committee expects that the Board will make a determination, as and when required by applicable law, whether at least one member of the Committee constitutes an "audit committee financial expert" as defined by the Commission. Committee members may not simultaneously serve on the audit committees of more than two other public companies.

The Board will appoint Committee members, on the recommendation of the Governance Committee, and designate a Committee Chairperson. The Board in its discretion may remove any Committee member at any time.

### **Meetings and Other Procedural Matters:**

The Committee will meet as often as it determines to be appropriate, but not less than four times per year. A majority of the members of the Audit Committee, present in person or by phone, shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Audit Committee. The Committee will meet periodically with management, the internal auditors and the outside auditors in separate executive sessions. The Committee may request any officer or employee of the Company, or any outside counsel or other outside advisors employed by the Company or the Committee, to attend a Committee meeting or to meet with Committee members. Committee actions and meeting results will be reported regularly to the full Board.

Except as otherwise prescribed by the Company's Bylaws, applicable law or Nasdaq rules, the Committee may establish its own procedural rules. The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee, subject to such terms and conditions (including required reporting back to the full Committee) as the Committee may prescribe and applicable legal requirements.

### **Resources and Authority:**

The Committee will have sole authority to (a) appoint and retain, (b) determine the funding for, and (c) if appropriate, replace the outside auditors. It also will have authority to obtain advice and assistance from any such internal or external accounting, legal or other advisors as it deems appropriate. The Committee will have the sole authority to approve related retention terms and fees for the outside auditors and any outside advisors it elects to retain. The Company will provide appropriate funding, as determined by the Committee, to compensate the outside auditors and any other such advisors, and pay the Committee's other necessary or appropriate ordinary administrative expenses. The Committee will have full power and authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company.

### **Key Responsibilities and Functions:**

The following key responsibilities and functions are set forth as a general guide for Committee activities, with the understanding that the Committee may adjust this guide as it deems necessary or appropriate, consistent with applicable law. In general, as and to the extent the Committee deems appropriate, the Committee will:

### ***Financial Statement and Disclosure Matters***

1. Review and discuss with management and the outside auditors the Company's audited annual financial statements and drafts of the related management's discussion and analysis, and consider recommending to the Board the inclusion of such audited financial statements in the Company's Annual Report on Form 10-K.
2. Review and discuss with management and the outside auditors the Company's quarterly financial statements and drafts of the related management's discussion and analysis, prior to the filing of the Company's Quarterly Report on Form 10-Q, including the results of the outside auditors' review of such quarterly financial statements.
3. Discuss with management and the outside auditors the Company's proposed earnings press releases, including the use of any "pro forma" or "adjusted" non-GAAP information.
4. Obtain assurance from the outside auditors that the audit is conducted consistent with Section 10A(b) of the Securities and Exchange Act, 1934.
5. Discuss with the outside auditors the matters required to be discussed by applicable Audit Standards as amended and as adopted by PCAOB, including any serious difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
6. Review and discuss with management, the outside auditors and, as appropriate, the internal auditors: (a) critical accounting policies and practices, including those relating to estimates and reserves used in the Company's financial statements and the appropriateness of the accounting practices applied, (b) 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, the outside auditors' judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting, and any major issues as to the quality and adequacy of the Company's internal controls, (c) alternative treatments of financial information within GAAP discussed with management, their implications and the treatment preferred by the outside auditors, (d) other material written communications between the outside auditors and management, (e) the effect of regulatory and accounting initiatives, as well as any material Company financial or non-financial off-balance sheet arrangements, on the Company's financial statements, (f) any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting that are required to be disclosed, and (g) any other changes in internal control over financial reporting that were considered for disclosure in the Company's

periodic filings with the SEC.

7. Review disclosures made by the Company's principal executive officer and principal financial officer regarding compliance with their certification obligations as required under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules promulgated thereunder.
8. Review and discuss the Company's compliance with Section 404 of the Sarbanes-Oxley Act concerning management's establishment and assessment of the Company's: a) internal control structure and procedures, including information technology controls, b) disclosure controls and procedures, c) fraud risk assessments over financial reporting.
9. Receive and discuss reports from management, outside auditors and the senior internal audit executive on the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
10. Prepare the audit committee report required by Commission rules to be included in the Company's annual proxy statement.

#### ***Oversight of the Company's Relationship with the Outside Auditors***

1. Be directly responsible for the appointment, compensation and oversight of the outside auditors (including resolution of disagreements between management and the outside auditors regarding financial reporting), and provide that the outside auditors will report directly to the Committee.
2. Review and discuss with the outside auditors their audit plan, including the proposed audit scope, the underlying factors considered in its determination and the proposed cost of outside audit services, and approve in advance all audit services to be provided by the outside auditors.
3. Establish policies and procedures for the engagement of the outside auditors to provide permissible non-audit services, which will require pre-approval by the Committee (subject to any de minimis exception provided by law) and periodic Committee review of the fees paid by the Company for such services.
4. Evaluate the qualifications and performance of the outside auditors, taking into account opinions of management and the internal auditors; obtain and review a report at least annually regarding the outside auditors' internal quality-control procedures; and review any reports of inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, as well as, any corrective steps taken to deal with any such issues.
5. Consider, at least annually, the independence of the outside audit firm, including whether the outside audit firm's performance of permissible non-audit services is compatible with the outside auditors' independence; obtain the written

disclosures and the letter from the outside audit firm required by the PCAOB regarding the firm's communications with the Committee concerning independence; discuss with the outside audit firm the firm's independence; and present to the Board of Directors the Committee's conclusions with respect to the independence of the outside audit firm.

6. Review and evaluate the lead partner of the outside audit team and monitor the rotation of the lead audit partner and the audit partner responsible for reviewing the outside audit every five years or at such other intervals as may from time to time be required by law.
7. Recommend to the Board policies for the Company's hiring of employees or former employees of the outside audit firm who participated in the audit of the Company.

### ***Oversight of the Company's Internal Audit Function***

1. Review and discuss the Company's internal audit function, including its competence, budget, staffing, charter, operational independence, responsibilities and authority, taking into account opinions of management and the outside auditors, the proposed scope and substance of the proposed internal audit plan, the coordination of the same with the work of the outside auditors, periodic progress reports on the internal audit plan and any significant deviations from or recommended changes in the planned internal audit.
2. Review and discuss the significant findings from completed internal audits or reports to management, as well as management's responses.
3. Review the appointment, reassignment or dismissal of the senior internal audit executive.

### ***Compliance Oversight Matters***

1. Establish and review the effectiveness of procedures for: (a) the receipt, treatment and retention of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.
2. Discuss with the Company's management (including its general counsel) or others (such as the outside auditors or outside counsel) as appropriate any regulatory, tax or other legal matters or developments (such as material legal proceedings involving the Company) that may have a material impact on the Company's financial statements, accounting policies or compliance with applicable laws, regulations or listing standards.
3. Advise the Board with respect to the adequacy and performance of the

Company's policies and procedures relating to compliance with laws and ethical conduct; receive and discuss reports from management, the Company's internal auditors and the outside auditors as to any significant non-conformity with applicable Company business conduct/ethics policies or codes; and review and recommend to the Board action on any waivers requested by any executive officer or director, on any portion of the Company business conduct / ethics policies or codes, specifically including the Code of Business Conduct.

4. Review and approve periodically, and no less frequently than annually, any related party transactions involving Directors or executive officers of the Company as required by applicable Commission or Nasdaq rules (including but not limited to any transactions between the Company and any of its Directors or executive officers).

#### ***Oversight of the Company's Enterprise Risk Management Processes***

1. Receive and discuss reports regarding the Company's enterprise risk management processes.
2. Advise the Board with respect to the Company's policies and procedures relating to Enterprise Risk Management.

#### **Limitations on Committee's Roles:**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or determine that the Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of the Company's management and its outside auditors.

#### **Committee Governance Matters:**

The Committee will review and reassess the adequacy of this Charter annually and recommend any changes to the Board for approval. The Committee also will review and evaluate its own performance annually.