

## **CHARTER FOR THE AUDIT COMMITTEE OF MATRIX SERVICE COMPANY**

### **I. DESCRIPTION AND PURPOSE**

The Audit Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Matrix Service Company (the “Company”). Its purpose is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee shall act independently as authorized and assist the Board in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to the Company’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company’s financial statements, and the risk management, legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, those performing the Company’s internal audit function and the Company’s management.

### **II. COMPOSITION OF THE COMMITTEE**

#### **A. Number of Members**

The Committee shall consist of at least three members, comprised solely of Independent Directors, as that term is defined in the Company's Corporate Governance Guidelines along with the additional independence standards for Audit Committee members set forth below. Unless the Chair is elected by the full Board, the members of the Committee shall elect a Chair by a majority vote of all the Committee members.

#### **B. Qualifications**

1. **Financial Literacy.** Each member of the Committee must meet the financial literacy requirements of the Nasdaq Stock Market, Inc. (“Nasdaq”).
2. **Financial Expertise.** At least one member of the Committee must be an “Audit Committee Financial Expert” (“ACFE”), as defined by the Securities and Exchange Commission (the “SEC”) and determined by the Board.
3. **Independence.** Committee members must meet the definition of “Independent Director” set forth in the Company's Corporate Governance Guidelines. Committee members must also meet any additional independence rules or regulations of the SEC and Nasdaq.

### III. MEETINGS

#### A. Frequency

The Committee shall meet as frequently as circumstances require, but in any event on a quarterly basis. The Committee may ask members of management or others to attend meetings and may provide pertinent information to them as the Committee deems necessary.

#### B. Keeping Minutes

Minutes shall be taken for each Committee meeting which shall then be approved at the next meeting of the Committee.

### IV. AUTHORITY

The Committee's authority is as follows:

#### A. Authority to Hire, Terminate and Compensate External Auditor/Settle Disputes

The Committee is authorized to appoint, determine the compensation of, and retain and oversee the work of any registered public accounting firm engaged (including resolving disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee.

#### B. Authority to Engage Advisers

The Committee is authorized to engage independent counsel and other advisers, as it determines necessary to carry out its duties.

#### C. Authority to Conduct Independent Investigations

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain and compensate outside counsel or other experts for this purpose.

#### D. Authority to Directly Access Corporate Employees and Information

The Committee is authorized to fully and directly access the independent auditor, anyone in the Company, and any and all information and records of the Company.

#### E. Funding

The Committee may authorize, and the Company shall provide for, appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the Committee under Sections B and C of this Article IV, (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **V. RESPONSIBILITIES AND PROCESSES**

The primary responsibility of the Committee is to oversee the Company's accounting, financial reporting and risk management processes and the audits of the financial statements on behalf of the Board and report the results of its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The processes may be modified from time to time by the Committee as it deems appropriate in order to carry out its duties and responsibilities contained in this Charter and to comply with changes required by applicable law.

### **A. In General**

1. The Committee shall establish and maintain a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the Company's stockholders.
2. The Committee shall monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
3. The Committee shall monitor the independence and the performance of the Company's independent auditor and the performance of those performing the Company's internal audit function.
4. The Committee shall provide an avenue of communication between the independent auditor and those performing the Company's internal audit function.

5. The Committee shall provide an avenue of communication among the independent auditor, management, those performing the Company's internal audit function and the Board.

**B. Review Procedures**

1. The Committee shall review and reassess the adequacy of this Charter on an annual basis and submit this Charter to the Board for approval.
2. The Committee shall review the interim financial statements with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Chair of the Committee may represent the entire Committee for the purposes of this review.
3. The Committee shall review with management and the independent auditors the financial statements to be included in the Company's Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
4. The Committee shall discuss with management the Company's earnings press releases and earnings guidance. Such discussion may generally consist of discussing the types of information to be disclosed and the types of presentations to be made.
5. The Committee shall review with the independent auditor any audit problems or difficulties and management's response, including, but not limited to (1) any restrictions on the scope of the independent auditor's activities, (2) any restriction on the access of the independent auditor to requested materials, (3) any significant disagreements with management and (4) any audit differences that were noted or proposed by the independent auditor but for which the Company's financial statements were not adjusted (as immaterial or otherwise). The Committee shall have sole authority to resolve any disagreements between the independent auditors and management regarding financial reporting.
6. The Committee shall review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or

operation of disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

7. The Committee shall receive a copy of the audit by the independent auditors of the Company's internal control over financial reporting, which may be provided as part of the Company's Annual Report on Form 10-K.
8. If the appointment of the independent auditors is submitted for any ratification by stockholders, the Committee shall be responsible for making the recommendation of the independent auditors.
9. The Committee shall obtain from the independent auditors assurance that the requirements of Section 10A of the Securities Exchange Act of 1934, as amended, that pertain to the independent auditors have been complied with.
10. The Committee shall obtain written or verbal reports from the management employee responsible for ethics oversight with respect to compliance by the Company's employees with the Company's Code of Business Conduct and Ethics.
11. The Committee shall establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters as further set forth in this Charter.
12. The Committee shall maintain procedures for the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting, internal controls or auditing matters as further set forth in this Charter.
13. Management and the independent auditors will discuss with the Committee or the Committee Chair any material correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
14. In conjunction with management, the independent auditor, and those performing the Company's internal audit function, the Committee shall consider the integrity of the Company's financial reporting processes and controls and discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. In addition, the Committee shall review significant findings prepared by the independent auditor and those performing the Company's internal audit function together with management's responses. The scope of this review should at a minimum include a discussion of significant deficiencies and material weaknesses in design or operation of internal controls and any

fraud, whether or not material, by management or other employees who have a significant role in the Company's internal control over financial reporting as reported by management, those performing the Company's internal audit function or the independent auditor.

15. The Committee shall discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditor in accordance with SAS 114, *The Auditor's Communication With Those Charged With Governance*. The Chairman of the Committee may represent the entire Committee for purposes of this review.
16. The Committee shall review with the independent auditor and objectively weigh the information provided by the independent auditor and the soundness of the Company's accounting policies in connection with:
  - a. The Company's financial statements and related footnotes and the independent auditor's report thereon, including their report on the adequacy of the Company's internal controls and any significant recommendations they may offer to improve internal controls;
  - b. Any significant accruals, reserves or estimates which may have a material impact on the financial statements;
  - c. Any difficulties or disputes with management encountered by the independent auditor during the course of the audit and any instances of second opinions sought by management;
  - d. All critical accounting policies and practices to be used by the Company;
  - e. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, the ramifications of the use of such alternative disclosures and treatment, and the treatment preferred by the independent auditor;
  - f. Other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences.
  - g. The adequacy of the Company's internal controls and any significant findings during the year and management's responses thereto, including at a minimum significant deficiencies and material weaknesses in internal controls and any fraud, whether or not material, by management;

- h. Any difficulties encountered in the course of the audits, including any restrictions on the scope of the independent auditor's work or access to required information; and
  - i. When required, the soundness of the internal quality-control procedures of the independent auditor including its standing before the Public Company Accounting Oversight Board and the nature of any investigation or other proceedings related to its quality controls or performance.
- 17. The Committee shall consider with management and the independent auditor the possible impact of any pending changes in accounting standards or rules as promulgated by the FASB or others.
- 18. The Committee shall review any significant legal and regulatory matters that may have a material impact on the financial statements.
- 19. The Committee shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
- 20. The Committee shall conduct an appropriate review of all transactions with related persons involving the Company for potential conflict of interest situations on an ongoing basis and all such transactions shall be approved or ratified by the Committee. For purposes of this section the term "transactions with related persons" shall refer to transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404.
- 21. The Committee shall establish policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent auditor.

**C. Registered Public Accounting Firms**

- 1. The independent auditor is directly accountable to the Committee. The Committee has the direct responsibility for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee.
- 2. The Committee is responsible for ensuring that the independent auditor submits to the Committee a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. The Committee is also

responsible for actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking, or recommending that the full Board take appropriate action to oversee the independence of the independent auditor. The Committee shall review the independence and the performance of the auditors and appoint the independent auditor or approve any discharge of auditors when circumstances warrant. To ensure independence, on an annual basis, the Committee shall review and discuss with the independent auditor all significant relationships they have with the Company that could impair the auditor's independence.

3. The Committee shall review the terms of the independent auditor's proposed engagement to ensure completeness of coverage and the effective use of audit resources.
4. The Committee shall approve the fees and other significant compensation to be paid to the independent auditor.
5. The Committee shall approve any change in the independent auditor's engagement partner or audit partner responsible for the audit of the Company's financial statements and confirm that the independent auditor has rotated its lead or controlling audit partner having primary responsibility for the audit or the audit partner responsible for reviewing the audit with an assignment not to exceed five fiscal years.

**D. Complaint Procedures; Dispute Resolution**

1. **Accounting Complaints.** The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. These procedures, which may be incorporated into a more comprehensive code of ethics, shall at a minimum: (i) set forth a statement about the Company's commitment to comply with the laws; (ii) encourage employees to inform the Company of conduct amounting to a violation of the applicable standards; (iii) describe prohibited conduct; (iv) set forth compliance procedures that employees can easily use, including making anonymous complaints, and (v) provide assurances that there will be no retaliation for reporting suspected violations.
2. **Financial Accounting Policy Dispute Resolution.** The Committee shall establish procedures for resolving disputes between the external auditor and management over issues pertaining to financial reporting. The Committee shall resolve these disputes, and for such purpose, the procedures may allow the Committee to obtain a second opinion from

independent advisors. The procedures shall in no way allow the Committee to improperly influence the external auditor.

**E. Audit Committee Report**

To the extent required by statute or regulation to be provided in the Company's proxy statements,

1. The Committee must state whether:
  - a. The Committee has reviewed and discussed the Company's audited financial statements with management;
  - b. The Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 114, which superseded the Statement on Auditing Standards No. 61;
  - c. The Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence; and
  - d. Based on the review and discussions referred to in paragraphs (1)(a) through (1)(c) of this Section E, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the SEC.
2. The name of each member of the Committee must appear below the required disclosure.

**VI. CERTIFICATION**

The Company shall provide to Nasdaq, or other primary stock exchange on which the Company's securities are traded, any changes to its written certification with respect to:

1. The independence of directors who are members of this Committee;
2. The financial literacy of Committee members;
3. The presence of an ACFE on the Committee; and
4. The Committee's annual review and reassessment of this Charter.

Accordingly, the Committee shall immediately report to the Board any information bearing upon the Board's determination of any of the foregoing.

## **VII. NOTIFICATION OF NON-COMPLIANCE**

The Company shall provide to Nasdaq, or other primary stock exchange on which the Company's securities are traded, prompt notification after an executive officer becomes aware of any material noncompliance by the Company of the qualitative listing requirements related to the Committee such as deviation from the composition and independence requirements and any restrictions placed on the authority, duties and responsibilities contained in this Charter.

## **VIII. GOING CONCERN ANNOUNCEMENT**

In the event the Company receives an opinion from its independent auditor that expresses doubt about the ability of the Company to continue as a going concern for a reasonable amount of time, it must make a public announcement through the news media disclosing the receipt of such opinion. Prior to the release of the public announcement, the Company must provide the text of the public announcement to the StockWatch section of Nasdaq's MarketWatch Department ("Nasdaq StockWatch"). The public announcement shall be provided to Nasdaq StockWatch and released to the media not later than seven calendar days following the filing of the audit opinion in a public filing with the SEC.

## **IX. AVAILABILITY OF CHARTER TO SECURITY HOLDERS**

The Company will make this Charter available to its security holders by posting a current copy on the Company's website and providing its website address in its proxy statement.