



Audit Committee Charter

I. Composition of the Audit Committee

The Audit Committee of Beacon Roofing Supply, Inc. (the "Company") shall be comprised of at least three directorsⁱ (as determined from time to time by the Board), each of whom, subject to any applicable phase-in rules, shall meet the independence requirements of Section 10A(m)(3) of and Rule 10A-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), the Sarbanes-Oxley Act of 2002 (the "SOA"), The Nasdaq Stock Market, Inc. and all other applicable lawⁱⁱ. The Board shall determine that each member of the Audit Committee is able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, and that at least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, as each such qualification is interpreted by the Board in its business judgmentⁱⁱⁱ. In addition, to the extent practicable, at least one member of the Audit Committee shall be an "audit committee financial expert" as such term is defined by the rules of the Securities and Exchange Commission (the "SEC").^{iv}

No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company other than director's fees. Members shall not serve on more than three public company audit committees simultaneously.

Directors shall be appointed annually to the Audit Committee by the Board and shall serve at the pleasure of the Board. The Audit Committee shall designate one of its members as its chairperson. The chairperson may be removed by the Audit Committee in its discretion.

II. Purposes of the Audit Committee

The primary purposes of the Audit Committee are to:

1. assist Board oversight of (i) the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company^{vi}, (ii) the independent auditors' qualifications and independence, and (iii) the performance of the independent auditors;
2. review and appraise the fairness of related party transactions^{vii}; and
3. prepare the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in the Company's annual proxy statement.^{viii}

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Company.

The independent auditors for the Company are accountable to the Board and the Audit Committee, as representatives of the stockholders. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting). The independent auditors shall report directly to the Audit Committee.^{ix}

The independent auditors shall submit to the Audit Committee annually a formal written statement (the "Auditors' Statement") describing: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, 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 auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the independent auditors and the Company, including at least the matters set forth in Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees).^x

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best

react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing, including in respect of auditor independence. Each member of the Audit Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside the Company from which he or she receives information, (b) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board), and (c) representations made by the Company's management as to any audit and other non-audit services provided by the Company's independent auditors to the Company.

III. Meetings of the Audit Committee

The Audit Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Audit Committee shall set aside adequate time to meet separately, at least annually, with each of management and the independent auditors. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

A majority of the members of the entire Audit Committee shall constitute a quorum. The Audit Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Audit Committee may act by unanimous written consent of all members.

IV. Duties and Powers of the Audit Committee

To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. with respect to the independent auditors,
 1. to directly appoint, retain, compensate, evaluate, and terminate the independent auditors, including sole authority to approve all audit engagement fees and terms^{x_i};
 2. to pre-approve all audit and permissible non-audit services to be provided by the independent auditors^{x_{ii}};
 3. to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Company's independent auditors and to take other appropriate action to oversee the independence of the independent auditors;^{x_{iii}}
 4. to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, 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 auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences^{x_{iv}};
 5. to review the independent auditor's attestation and report on management's internal control report, from the time that such reports are prepared^{x_v}; and
 6. to discuss with management and the independent auditors the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner^{x_{vi}};
2. with respect to financial reporting principles and policies,
 1. to consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the independent auditors required by or referred to in Statement on Accounting Standards 61 (as codified by AU Section 380), as it may be modified or supplemented^{x_{vii}}, such as the selection of and changes in significant accounting policies, the methods used to account for significant unusual transactions, the effect of significant accounting policies in controversial or emerging areas, the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of those estimates, significant adjustments arising from the audit, and disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosure of financial statements;
 2. to meet with management and the independent auditors:
 - to discuss the scope of the annual audit;
 - to discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", prior to the filing of the Company's Annual Report on Form 10-K or Quarterly Report on Form

- 10-Q;
- to discuss, in association with the review of the interim financial statements, the results of the quarterly review and any other matters required to be communicated to the Audit Committee by the independent auditors under professional standards;
 - to discuss, in association with the audit of the annual financial statements, the results of the annual audit and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements;
 - to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management or the independent auditors, relating to the Company's financial statements;
 - to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
 - to discuss, as appropriate (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effect of alternative GAAP methods on the financial statements and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
 - to discuss any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting^{xviii};
3. to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data, any material weaknesses in internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls^{xix}, and to review disclosures made to the Audit Committee by the Company's CEO or CFO during their certification process for the Form 10-K or Form 10-Q with respect to the Company's internal controls;
 4. to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934;
 5. to discuss and review the type and presentation of information to be included in earnings press releases;
 6. to discuss the types of information and earnings guidance provided, and the types of presentations made, to analysts and ratings agencies;
 7. to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters^{xx}; and
 8. (viii) to confirm with management that it has not hired employees or former employees of the independent auditors which would cause such auditors not to be independent under Rule 2-01(c)(2)(iii) of Regulation S-X^{xxi};
3. with respect to reporting and recommendations,
 1. to recommend, based upon the review and discussion of the annual financial statements with management and the independent auditors, to the Board that the annual financial statements be included in the Company's Annual Report on Form 10-K^{xxii};
 2. to review this Charter at least annually and recommend any changes to the full Board of Directors;
 3. to review and approve all related party transactions;
 4. to discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud;
 5. to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
 6. to review periodically the Company's corporate compliance policies or codes of conduct; and
 7. to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

V. Delegation to Subcommittee

The Audit Committee may, in its discretion, form and delegate authority to a subcommittee of the Audit Committee when appropriate. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting^{xxiii}.

VI. Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.^{xxiv}

VII. Limitation of Audit Committee's Role

The function of the Audit Committee is oversight. While the Audit Committee has the duties and powers set forth in this Charter, it is not the duty of the Audit 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 accounting principles 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 that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

Footnotes

- i. Nasdaq Final Rule 4350(d)(2); Nasdaq Final Rule 4350(a)(5)
- ii. Nasdaq Final Rule 4350(d)(2); SOA § 301, Section 10A(m)(3) of the Exchange Act
- iii. Nasdaq Final Rule 4350(d)(2)(A) and (B)
- iv. SOA § 407; Item 401(h) of Regulation S-K
- v. SOA § 301; Rule 10A-3(b)(1)
- vi. Nasdaq Final Rule 4350(d)(1)
- vii. Nasdaq Final Rule 4350(h)
- viii. Item 306 of Regulation S-K
- ix. SOA § 301; Rule 10A-3(b)(2)
- x. Item 306(a)(3) of Regulation S-K (requires audit committee report to state audit committee received ISB No. 1 letter and has discussed the letter with the auditors); Nasdaq Final Rule 4350(d)(1)(B)
- xi. Rule 10A-3(b)(2)
- xii. SOA §§ 201 and 202; Rule 2-01(c)(7) of Regulation S-X
- xiii. Item 306(a)(3) of Regulation S-K (audit committee must disclose whether it discussed with the auditors their independence)
- xiv. SOA § 204; Rule 2-07 of Regulation S-X
- xv. SOA § 404
- xvi. SOA § 203; Rule 2-01(c)(6) of Regulation S-X
- xvii. Item 306(a)(2) of Regulation S-K
- xviii. Paragraph 206 of Appendix A to PCAOB Release NO. 2004-001.
- xix. SOA § 302(a)(5); Rules 13a-14(b)(5) and 15d-14(b)(5)
- xx. SOA § 301; Rule 10A-3(b)(3)
- xxi. SOA § 206; Rule 2-01(c)(2)(iii) of Regulation S-X
- xxii. Item 306 of Regulation S-K
- xxiii. SOA § 202; Rule 2-01(c)(7) of Regulation S-X
- xxiv. SOA § 301; Rule 10A-3(b)(4) and (5)