



## CHARTER OF THE AUDIT COMMITTEE

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### **PURPOSE OF THE COMMITTEE**

The purposes of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Griffon Corporation (“Griffon”) are to (a) assist the Board’s oversight of (i) the integrity of Griffon’s financial statements and the financial reporting process and Griffon’s systems of internal controls regarding finance, accounting, legal compliance and ethical behavior; (ii) the activities, qualifications and performance of Griffon’s auditing, accounting and financial reporting functions and processes generally; (iii) Griffon’s compliance with legal and regulatory requirements; and (iv) the qualifications, independence and performance of Griffon’s internal auditors and independent registered public accounting firm; and (b) ensure that the appropriate disclosure as required by Item 407(d)(3)(i) of Regulation S-K may be made by (i) reviewing and discussing the audited financial statements with management; (ii) discussing with the independent accountant the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; (iii) receiving from the independent accountant such disclosures and letters required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and discussing with the independent accountant its independence; and (iv) determining whether or not to recommend to the Board the inclusion of the audited financial statements in Griffon’s annual report on Form 10-K.

### **COMMITTEE MEMBERSHIP**

The Committee shall consist of three or more members of the Board. The members of the Committee shall be appointed and replaced by the Board.

Each member of the Committee shall satisfy the financial literacy and independence requirements under, and otherwise be qualified to serve on the Committee pursuant to, the requirements of section 303A of the New York Stock Exchange Listed Company Manual, Section 10A of the Securities and Exchange Act of 1934, and any other regulatory requirements pertaining to qualifications of Audit Committee members.

At least one member of the Committee shall be an Audit Committee Financial Expert, pursuant to Item 407(d)(5) of Regulation S-K, as determined by the Board.

The Chairman of the Committee shall be designated by the Board. If the Board does not designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman.

#### **MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall meet as often as necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter.

The Committee may ask members of management, the independent registered public accounting firm, Griffon's outside counsel, and others to attend meetings and to provide pertinent information to the Committee.

The Committee shall meet in executive session on a periodic basis with management, the independent registered public accounting firm and the internal auditors to discuss any matters that the Committee, or any of these groups, believes should be discussed privately.

A majority of the members of the Committee shall constitute a quorum.

The Committee shall maintain minutes of its meetings and regularly deliver to the Board a report, which may be oral, on its activities.

In the event the Chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

**COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES  
GENERALLY**

The Audit Committee shall have the sole authority and responsibility to (i) select, retain, evaluate, and, where appropriate, replace the independent registered public accounting firm, and (ii) recommend that the Board submit the selection of the independent registered public accounting firm to shareholders for approval. The Audit Committee shall pre-approve all audit engagement fees and terms and all non-audit engagements with the independent registered public accounting firm. The Audit Committee shall consult with management but shall not delegate these responsibilities.

**COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES:**

The Committee shall:

**FINANCIAL  
STATEMENTS AND  
DISCLOSURE  
MATTERS**

Review and discuss with management and the independent registered public accounting firm Griffon's annual audited financial statements and quarterly financial statements, including disclosures made in management's discussion and analysis and press releases relating to its financial condition and results of operations prior to submission to the public, as well as any certification, report, opinion or review rendered by the independent registered public accounting firm in connection with such reports.

Discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit, including but not limited to, auditing and accounting principles adopted by Griffon, the report on internal control and any difficulties or restrictions encountered in the course of the audit work.

Recommend to the Board of Directors, if appropriate, that Griffon's annual audited financial statements be included in Griffon's annual report on Form 10-K.

Cause to be prepared and approve the report required by the Securities and Exchange Commission ("SEC") to be included in Griffon's annual proxy statement and any other Committee reports required by applicable securities laws or stock exchange listing requirements or rules.

Review and discuss generally with management the types of information to be disclosed and the types of presentations to be made in Griffon's earnings press releases and in any financial information and earnings guidance provided by Griffon to analysts and rating agencies.

**COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES:**

**INDEPENDENT  
REGISTERED  
PUBLIC  
ACCOUNTING  
FIRM**

The Committee shall:

Have the sole authority to review in advance, and grant any appropriate preapprovals of (i) all auditing services to be provided by the independent registered public accounting firm and (ii) all non-audit services to be provided by the independent registered public accounting firm as permitted by Section 10A of the Exchange Act, and in connection therewith to approve all fees and other terms of engagement.

The Audit Committee may also delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its next scheduled meeting. The Audit Committee shall also review and approve disclosures required to be included in SEC periodic reports filed under Section 13(a) of the Exchange Act with respect to non-audit services.

Review the qualifications, performance and independence of Griffon's independent registered public accounting firm, including the lead partner, on at least an annual basis.

On an annual basis, review and discuss with the independent registered public accounting firm all relationships the independent registered public accounting firm have with Griffon in order to evaluate the independent registered public accounting firm's continued independence. The Audit Committee shall: (i) ensure that the independent registered public accounting firm submits to the Committee on an annual basis a written statement (consistent with Independent Standards Board Standards No. 1) delineating all relationships and services that may impact the objectivity and independence of the independent registered public accounting firm, (ii) discuss with the independent registered public accounting firm any disclosed relationship or services that may impact the objectivity and independence of the independent registered public accounting firm, and (iii) satisfy itself as to the independent registered public accounting firm's independence.

At least annually, obtain and review an annual report from the independent registered public accounting firm describing (i) the independent registered public accounting firm's internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the independent registered public accounting 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 independent registered public accounting firm, and any steps taken to deal with any such issues.

Ensure that the lead audit partner, as well as the audit partner responsible for reviewing Griffon's audit, is changed at least every five years.

Review all reports required to be submitted by the independent registered public accounting firm to the Audit Committee under Section 10A(m) of the Exchange Act.

Review, based upon the recommendation of the independent registered public accounting firm and the internal auditors, the scope and the plan of the work to be done by the independent registered public accounting firm for each fiscal year.

**COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES:**

**INTERNAL AUDIT  
FUNCTION AND  
INTERNAL  
CONTROLS**

The Committee shall:

Have the sole authority and responsibility for the internal audit function. In particular the Committee shall have the sole authority and responsibility to (i) select, retain, evaluate, and, where appropriate, replace (i) the Director of Internal Audit and (ii) any outside firm performing internal audit services.

In consultation with the independent registered public accounting firm and the internal auditors (a) review the adequacy of Griffon's (i) financial reporting procedures and (ii) internal control structure and systems (including any significant deficiencies or weaknesses and significant changes in internal controls reported to the Committee by the independent registered public accounting firm and management) and the procedures designed to ensure compliance with laws and regulations; and (b) discuss the responsibilities, budget and staffing needs of the internal auditors.

Meet on a periodic basis with the Director of Internal Audit and any outside firm performing internal audit services to (i) review, based upon the recommendation of the independent registered public accounting firm and the Director of Internal Audit, the scope and plan of the work to be done by the internal auditors and (ii) review on an annual basis the performance of the internal auditors.

Establish procedures for (i) the receipt, retention and treatment of complaints received by Griffon regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of Griffon of concerns regarding questionable accounting or auditing matters.

**COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES:**

The Committee shall:

**PERIODIC AND  
ANNUAL REVIEWS**

Periodically review with each of management, the independent registered public accounting firm and the internal auditors (i) any significant disagreement between management and the independent registered public accounting firm or the internal auditors in connection with the preparation of the financial statements, (ii) any difficulties encountered during the course of the audit (including any restrictions on the scope of work or access to required information), and (iii) management's response to each.

Periodically discuss with the independent registered public accounting firm, without management present (i) their judgments about the quality, appropriateness, and acceptability of Griffon's accounting principles and financial disclosure practices, as applied in its financial reporting and (ii) the completeness and accuracy of Griffon's financial statements.

Consider and approve, if appropriate, significant changes to Griffon's accounting principles and financial disclosure practices as suggested by the independent registered public accounting firm, management or the internal auditors.

Review with management, the independent registered public accounting firm, the internal auditors and Griffon's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on Griffon's financial statements, including significant changes in accounting standards or rules as promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities with relevant jurisdiction.

Obtain and review an annual report from management relating to the accounting principles used in preparation of Griffon's financial statements (including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof).

Review with both management and the independent registered public accounting firm all related party transactions or dealings with parties related to Griffon.

Review and discuss with management and the independent registered public accounting firm all material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of Griffon with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.

Review and discuss with management and the independent registered public accounting firm Griffon's major financial risk exposures and the steps management has taken to monitor and control such exposures (including, without limitation, management's risk assessment and risk management policies and adherence with codes of conduct and other rules governing the conduct of employees).

Review and discuss with management and the independent registered public accounting firm all disclosures made by Griffon concerning any material changes in the financial condition or operations of Griffon.

Discuss with management and Griffon's independent registered public accounting firm any significant deficiencies in the design or operation of internal controls which could adversely affect Griffon's ability to record, process, summarize, and report financial data and identify for Griffon's auditors 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 Griffon's internal controls.

Obtain explanations from management for unusual variances in Griffon's annual financial statements from year to year, and review annually the independent registered public accounting firm's letter of the recommendations to management and management's response.

**ADDITIONAL  
COMMITTEE  
AUTHORITIES AND  
RESPONSIBILITIES**

The Committee shall:

Review and recommend to the Board any changes relating to Griffon's code of ethics for Griffon's senior financial officers or Griffon's Code of Business Conduct and Ethics.

Consider any requests for waivers of Griffon's Code of Business Conduct and Ethics by directors and executive officers, and review and approve any waiver under Griffon's code of ethics for senior financial officers, and any disclosure to be made on a Form 8-K regarding any such waivers.

Monitor compliance with Griffon's Code of Business Conduct and Ethics and code of ethics for Griffon's senior financial officers, as in effect from time to time.

Have full authority to investigate and act upon information submitted by any employee to Griffon, the Board or the Committee regarding any possible violation of Griffon's code of ethics for Griffon's senior financial officers or Griffon's Code of Business Conduct and Ethics.

Oversee the maintenance of operating procedures, including a separate and independent "HOTLINE" procedure, for the receipt, investigation and reporting of information and reports of violations, or suspected violations, of Griffon's Code of Business Conduct and Ethics.

Ensure that the policy for Griffon's hiring of employees or former employees of the independent registered public accounting firm who were engaged on Griffon's account is in accordance with SEC and New York Stock Exchange regulations.



Review any management decision to seek a second opinion from an independent registered public accounting firm other than Griffon's regular independent registered public accounting firm with respect to any significant accounting issue.

Review with management and the independent registered public accounting firm the sufficiency and quality of the internal auditors and other financial and accounting personnel of Griffon.

Be subject to an annual performance evaluation by the Board.

Perform any other activities consistent with this Charter, Griffon's Bylaws and governing law as the Committee or the Board deems necessary or appropriate.

#### **EVALUATION OF THE COMMITTEE**

The Committee shall:

Review and assess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

Annually review the Committee's own performance.

#### **INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS**

The Committee may conduct or authorize investigations into, or studies of, matters within the Committee's scope of responsibilities, and shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it deems necessary.

#### **LIMITATION OF AUDIT COMMITTEE'S ROLE**

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. It is not the duty of the Audit Committee to conduct audits or to determine that Griffon's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm.

Further, pursuant to Section 141 of the Delaware General Corporation Law, a member of the Audit Committee shall, in the performance of his or her duties, be fully protected in relying in good faith upon such information, opinions, reports or statements presented by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of Griffon.