

HERITAGE-CRYSTAL CLEAN, INC. AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Heritage-Crystal Clean, Inc. (the “Company”) assists the Board in fulfilling its oversight responsibilities by:

- Overseeing the quality and integrity of the financial statements and other financial information that the Company provides to shareholders and others, the Company’s accounting policies and internal controls, the audit process and legal, ethical and regulatory compliance;
- Maintaining, through regularly scheduled meetings, a line of communication among the Board, the Company’s financial and senior management, internal auditors and independent accountants;
- Preparing the report to be included in the Company’s annual proxy statement, as required by the Securities and Exchange Commission’s (“SEC”) rules; and
- Performing such other functions as the Board may assign to the Committee from time to time.

COMMITTEE MEMBERSHIP

The members of the Committee shall be appointed annually by the Board and shall serve at the pleasure of the Board. Unless the Board elects a Chair, the members of the Committee shall designate a Chair by a majority vote of the full Committee membership.

The Committee shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence requirements of the SEC and The NASDAQ Stock Market LLC. Each member of the Committee shall, in the judgment of the Board, have the ability to read and understand fundamental financial statements. In addition, at least one member of the Committee shall have past employment experience in finance or accounting, 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 judgment, and shall be an “audit committee financial expert” as such term is defined by the SEC.

DUTIES AND RESPONSIBILITIES

The Committee is delegated all of the authority of the Board as may be required or advisable to fulfill the purposes of the Committee. Without limiting the generality of the preceding statement, the Committee shall have authority and is entrusted with the responsibility to take the following actions:

- (1) Review and discuss the annual audited financial statements with management and the independent accountants. In connection with such review, the Committee will:
 - Discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit;
 - Review significant changes in accounting or auditing policies, including resolution of any significant reporting or operational issues affecting the financial statements;
 - Inquire as to the existence and substance of any significant accounting accruals, reserves or estimates made by management that had or may have a material impact on the financial statements;
 - Review with the independent accountants any problems encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work, any management letter provided by the independent accountants, and management's response to such letter; and
 - Review with the independent accountants and the senior internal auditing executive the adequacy of the Company's internal controls, and any significant findings and recommendations.
- (2) Prior to the filing of the Company's Annual Report on Form 10-K, review and discuss with management and the independent auditors the annual audited financial statements and recommend to the Board whether the audited financial statements should be included in the Annual Report on Form 10-K.
- (3) Review (by full Committee or Chair) with management and the independent auditors the Company's quarterly financial statements in advance of SEC filings.
- (4) Prior to the release of quarterly and annual earnings, review and discuss with management and the independent auditors all earnings press releases.
- (5) Oversee the external audit coverage. The Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors. The independent auditors shall report directly to the Committee. In connection with its oversight of the external audit coverage, the Committee will:
 - Appoint and, when necessary, terminate the independent auditors;
 - Approve the engagement letter and the fees to be paid to the independent auditors;
 - Pre-approve all audit and non-audit services to be performed by the independent auditors and the related fees for such services other than prohibited non-auditing services as promulgated under the SEC's rules and regulations, subject only to the de minimus exceptions for permitted non-audit services.

- Obtain confirmation and assurance as to the independence of the independent auditors, including ensuring that they submit on a periodic basis (not less than annually) to the Committee a formal written statement delineating all relationships between the independent auditors and the Company. The Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for recommending that the Board take appropriate action in response to the independent auditors' report to satisfy itself of their independence;
- Resolve any disagreements between management and the independent auditors;
- Meet with the independent auditors prior to the annual audit to discuss planning and staffing of the audit;
- Review the experience and qualifications of the senior members of the independent auditor team;
- Assure the regular rotation of the lead audit partner of the independent auditing firm as required by law, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent auditing firm itself;
- Set clear hiring policies for employees or former employees of the independent auditors;
- At least annually, obtain and review a report by the independent auditors describing (a) the firm's internal quality-control procedures; (b) any material issues raised within the preceding five years by the most recent internal-quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or other authority relating to any audit conducted by the firm; (c) any steps taken to deal with any such issues; and (d) registration of the independent auditors with the Public Company Accounting Oversight Board;
- Review with the independent auditors at the completion of the annual audit: (a) the independent auditors' audit of the financial statements and their report thereon, (b) any significant changes required in the independent auditors' audit plan, (c) the existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves, (d) the critical accounting policies used in the financial statements, (e) an analysis of the effect of alternative methods of applying GAAP on the Company's financial statements, (f) material written communications between the independent auditors and the Company's management, and (g) other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards; and

- Review and evaluate the performance of the independent auditors.
- (6) Oversee internal audit coverage. In connection with its oversight responsibilities, the Committee will:
- Review the appointment or replacement of the senior internal auditing executive;
 - Review, in consultation with management, the independent auditors and the senior internal auditing executive, the plan and scope of internal audit activities;
 - Review internal audit activities, budget and staffing; and
 - Review significant reports to management prepared by the internal auditing department and management's responses to such reports.
- (7) Review with management and the independent auditors the adequacy of the Company's internal controls, and any significant findings and recommendations with respect to such controls.
- (8) Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters or under the Code of Business Conduct and Ethics, and (b) the confidential anonymous submission by employees of the Company regarding questionable accounting or auditing matters. Investigate at its discretion any complaint brought to its attention, which investigation may include reviewing the books, records and facilities of the Company and interviewing Company officers or employees.
- (9) Review reports and disclosures of insider and affiliated party transactions.
- (10) Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
- (11) Meet at least annually in separate executive session with each of the chief financial officer, the senior internal auditing executive and the independent auditors.
- (12) Review periodically with the Company's counsel (a) legal and regulatory matters which may have a material affect on the financial statements, and (b) corporate compliance policies or codes of conduct.
- (13) Report regularly to the Board with respect to Committee activities.
- (14) Prepare the report of the Committee required by the SEC to be included in the proxy statement for each annual meeting.
- (15) Review and reassess annually the adequacy of this Committee Charter and recommend any proposed changes to the Board.

- (16) Review and reassess annually the Code of Business Conduct and Ethics, and evaluate each request for a waiver of the application of the Code and report its findings to the full Board.
- (17) Conduct any investigation with respect to the Company's operations that is appropriate to fulfilling its responsibilities and have direct access to the independent auditors as well as anyone in the Company.
- (18) Retain and determine funding for such independent legal, accounting and such other advisors as it deems necessary or appropriate to fulfill its responsibilities. The Committee is empowered, without further action of the Board, to cause the Company to pay the compensation of such advisors as the Committee shall so engage.
- (19) Delegate to its Chair or any of its members the responsibility for any particular matters, or one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.

MEETINGS

The Committee shall meet at least four times annually. Additional meetings may occur as the Committee or its Chair deems advisable. The Committee shall regularly report to the Board on its activities.

COMMITTEE ACTION

A majority of the members present shall decide any question brought before the Committee. The actions by the majority may be expressed either by a vote at a meeting or in writing without a meeting. A majority of the members shall constitute a quorum. The Committee may delegate to one or more of its members the authority to grant pre-approvals of audit and permitted non-audit services, provided the decision is reported to the full Committee at its next scheduled meeting.

PROCEDURES

The Chair of the Committee shall establish such rules as may from time to time be necessary or appropriate for the conduct of the business of the Committee. The Chair shall appoint as secretary a person who may, but need not, be a member of the Committee. A certificate of the secretary of the Committee setting forth the names of the members of the Committee, or actions taken by the Committee, shall be sufficient evidence at all times as to the persons constituting the Committee, or such actions taken.

LIMITATIONS

While the Committee has the responsibilities and powers set forth in this Committee Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.