

**HARSCO CORPORATION (the “Corporation”)**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**

(As Amended and Restated February 18, 2004)

**I. PURPOSE**

The Audit Committee (the “Committee”) shall:

- A. Provide assistance to the Board of Directors of the Corporation (the “Board”) in fulfilling its responsibility to the shareholders, potential shareholders and investment community with respect to its oversight of:
  - (i) The quality and integrity of the Corporation’s financial statements;
  - (ii) The Corporation’s compliance with legal and regulatory requirements;
  - (iii) The independent auditor’s qualifications and independence;
  - (iv) The performance of the Corporation’s internal audit function and independent auditors; and
  - (v) The establishment and maintenance of processes to assure that an adequate system of internal control is functioning within the Corporation.
- B. Prepare the audit committee report that SEC rules require be included in the Corporation’s annual proxy statement.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities outlined in Section IV of this Charter.

**II. ORGANIZATION**

The Committee shall be comprised of three or more directors as determined by the Board, each of whom is affirmatively determined by the Board to be an “independent” director under the rules of the New York Stock Exchange. No member of the Committee may serve on the audit committee of more than three public companies, including the Corporation, unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination in the annual proxy statement.

All members of the Committee shall be financially literate (or become financially literate within a reasonable period after his or her appointment), as such qualification is interpreted by the Board in its business judgment, and there should be at least one member that has accounting or related financial management expertise, as such qualification is interpreted by the Board in its business judgment. The Board may also

determine, in the exercise of its business judgment, to require at least one member of the Committee (which may include the member that has accounting or related financial management expertise) be an “audit committee financial expert” as determined by the Board under the rules and regulations of the Securities and Exchange Commission (“SEC”).

No member of the Committee shall receive any compensatory fees other than in his or her capacity as a member of the Committee, the Board or any other Board committee. Compensatory fees shall not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service that is in no way contingent on continued service. No member of the Committee shall be an “affiliate” of the Corporation under the rules and regulations of the SEC.

The Chairman of the Board shall submit his recommendation to the Nominating and Corporate Governance Committee for the appointment of members of the Audit Committee and the Chairman of the Committee. The Board shall elect the members and Chairman of the Committee at the annual organizational meeting of the Board to serve until the next annual organizational meeting or until their successors shall be duly elected and qualified.

### **III. MEETINGS**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee will fully discuss with management any questions which it may have regarding matters within the scope of its responsibilities. As part of its job to foster open communication, the Committee shall periodically meet separately with each of management, the internal auditors and the independent auditors to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or a member of the Committee designated by the Chairman, shall meet with management and the independent auditors quarterly to review the financial statements of the Corporation as outlined in Section IV of this Charter.

### **IV. RESPONSIBILITIES AND DUTIES**

The Audit Committee shall report Committee actions regularly to the full Board and may make appropriate recommendations. The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including any terms of retention. The Committee shall have the authority to approve the fees and expenses payable to such advisors and the independent auditors and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall be given full access to the Corporation’s internal audit group, the Board, corporate executives and independent auditors as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board.

To fulfill its responsibilities and duties, the Committee shall:

## **Documents/Reports Review**

1. Review and update this Charter annually, or more frequently as conditions dictate.
2. Review with management and the independent auditors prior to public dissemination the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with the independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61.
3. Discuss with management and the independent auditors the Corporation's earnings press releases, as well as additional financial information and earnings guidance that management may provide to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (*i.e.*, discussion of the types of information disclosed and the type of presentation made). The discussions need not take place in advance of each earnings release or cover each instance in which the Corporation may provide earnings guidance.
4. Review summaries of the regular internal reports to management prepared by the internal auditing department and management's response.

## **Independent Auditors**

5. Appoint, retain and terminate independent auditors and approve all audit engagement fees and terms.
6. Inform each registered public accounting firm performing work for the Corporation that such firm shall report directly to the Committee.
7. Oversee the work of any registered public accounting firm employed by the Corporation, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
8. Approve in advance any engagement of the independent auditors for audit or non-audit services, other than "prohibited non-audit services."

The following shall be "prohibited non-audit services": (i) bookkeeping or other services related to the accounting records or financial statements of the Corporation; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions; (vii) human resources; (viii) broker or dealer, investment adviser, or investment banking services; (ix) legal services; (x) expert services unrelated to the audit; and (xi) any other service that the Public Company Accounting Oversight Board prohibits through regulation.

Notwithstanding the foregoing, pre-approval is not necessary for services other than audit, review or attest services if: (i) the aggregate amount of all such services provided to the Corporation constitutes not more than five percent of the total

amount of revenues paid by the Corporation to the auditors during the fiscal year in which such services are provided; (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more of its members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at a later time. The Committee may establish pre-approval policies and procedures, provided the policies and procedures are detailed as to the particular service and the Committee is informed of each service, and such policies and procedures do not include delegation of the Committee's responsibilities to management.

9. Review, at least annually, the qualifications, performance and independence of the independent auditors. In conducting its review and evaluation, the Committee should:

- (a) Obtain and review a report by the Corporation's independent auditors describing: (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing 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 auditing firm, and any steps taken to deal with any such issues; and (iii) (to assess the auditor's independence) all relationships between the independent auditor and the Corporation;

- (b) Review and evaluate the lead audit partner.

- (c) Ensure the rotation of the lead audit partner and the concurring audit partner at least every five years, and the rotation of audit team members performing certain services at least every seven years, in accordance with the rules and regulations of the SEC. In addition, the Committee should consider whether there should be regular rotation of the audit firm itself.

- (d) Confirm with any independent accountant retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for providing a second level of review of the audit (the concurring or reviewing audit partner), has not performed audit services for the Corporation in each of the five previous fiscal years of that Corporation.

- (e) Take into account the opinions of management and the Corporation's internal auditors (or other personnel responsible for the internal audit function).

### **Financial Reporting Processes**

10. In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting processes, both internal and

external. In that connection, the Committee should obtain and discuss with management and the independent auditors reports from management and the independent auditors regarding: (i) all critical accounting policies and practices to be used by the Corporation; (ii) 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 all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditors; (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles; (iv) major issues as to the adequacy of the Corporation's internal controls and any specific audit steps adopted in light of material control deficiencies; and (v) any other material written communications between the independent auditors and management.

11. Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
12. Review with the independent auditors (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management (which the Committee will work with management to resolve in accordance with Section IV. 7 of this Charter) and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditors (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Corporation.
13. Review and discuss with the independent auditors the responsibilities, budget and staffing of the Corporation's internal audit function.

#### **Internal Control Framework, Code of Conduct, and Legal Compliance**

14. Evaluate whether management is setting the appropriate tone at the top by communicating the importance of the Harsco Internal Control Framework and ensuring that all individuals possess an understanding of their roles and responsibilities.
15. Review periodically the Harsco Code of Conduct and ensure that management has established a system to enforce this Code.
16. Review activities, organizational structure, and qualifications of the internal audit department.

17. Review, with the organization's counsel, legal compliance matters including corporate securities trading policies.
18. Review, with the organization's counsel, any legal matter that could have a significant impact on the Corporation.
19. Discuss with management and the independent auditors the Corporation's guidelines, policies and controls with respect to risk assessment and risk management. The Committee should discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Committee is not the sole body of the Board responsible for reviewing risk assessment and control, and the Committee will support the Board's shared oversight of these matters.
20. Set clear hiring policies for employees or former employees of the independent auditors. At a minimum, these policies should provide that any registered public accounting firm may not provide audit services to the Corporation if the CEO, controller, CFO, chief accounting officer or any person serving in an equivalent capacity for the Corporation was employed by the registered public accounting firm and participated in the audit of the Corporation within one year of the initiation of the current audit.
21. Maintain procedures under or supplemental to the Harsco Code of Conduct for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
22. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate to fulfill the purposes of the Charter.

### **Reports**

23. Provide the report of the Committee required by the rules of the SEC to be included in the Corporation's proxy statement for each annual meeting.
24. Report regularly to the full Board including:
  - (i) with respect to any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors or the performance of the internal audit function;
  - (ii) following all meetings of the Committee; and
  - (iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral or written report by the Chairman or any other member of the Committee designated by the Committee to make such report.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation'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.

Nothing contained in this Charter is intended to alter or impair the operation of the "business judgment rule" as interpreted by the courts under the Delaware General Corporation Law. Further, nothing contained in this Charter is intended to alter or impair the right of the members of the Committee to rely, in discharging their oversight role, on the records of the Corporation and on other information presented to the Committee, the Board or the Corporation by its officers or employees or by outside experts such as the independent auditors.

#### **V. ANNUAL PERFORMANCE EVALUATION**

The Committee shall discuss annually, its evaluation of the Committee's effectiveness in performing its responsibilities under this Charter. The Committee shall conduct such evaluation and reviews in such manner as it deems appropriate.