



## **American Ecology Corporation Audit Committee Charter**

### **Purpose**

The Committee will provide assistance to the Board in fulfilling its oversight responsibility to the shareholders and others relating to the integrity of the Company's financial statements, the financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Company's financial statements, the Company's compliance with legal and regulatory requirements, and its ethics programs as established by management and the Board. The Committee shall also oversee the independent auditors' qualifications and independence. The Committee will evaluate the performance of the Company's independent auditors, including a review and evaluation of the engagement partner. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Company.

### **Committee Membership**

The Committee shall be appointed by the Board and shall comprise at least three directors. Each Committee member shall meet the requirements of the Nasdaq listing standards, and federal laws and regulations, with respect to audit committees, as they may become applicable from time to time. No member may receive compensation from the Company other than Board approved director's fees. All Committee members will be financially literate, and at least one member of the Committee will have accounting or related financial management expertise as determined by the Board and shall be deemed the Committee's "financial expert."

### **Committee Authority and Responsibilities**

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the full Board of Directors. The Board will designate a Chairman for the Committee and the Committee shall have such authority as determined and delegated by the Board. The Committee may delegate authority to subcommittees, or to the Chairman of the Committee when appropriate.

Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee provides oversight and sets the overall corporate standards for quality financial reporting, sound risk management, and ethical behavior, but it is the role of management to perform the day-to-day responsibilities associated with the preparation of the Company's financial statements and reports.

The following shall be the principal recurring duties of the Committee in carrying out its oversight responsibilities. The Committee may perform such other duties and responsibilities as are consistent with its purpose and as the Board or the Committee deems appropriate.

1. Independent auditors. The Committee shall have the sole authority and responsibility to hire, evaluate and replace the independent auditors and, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditors. The Committee shall discuss the auditors' independence from management and the Company, including whether the auditors' performance of permissible non-audit services is compatible with their independence. This process will include, at least annually, the Committee's review of the independent auditors' internal control and audit procedures, any material issues raised by the most recent financial review or audit and (to assess the auditors' independence) all relationships between the independent auditors and management. Annually, the Committee will review the qualifications and performance of the Company's current independent auditors and select the Company's independent auditors for the next year.

2. Audit services. The Committee shall discuss with the independent auditors the overall scope and plans for their respective audits including their respective responsibilities and the adequacy of staffing and compensation. The Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditors.

3. Permissible non-audit services. The auditors shall be engaged by the Committee for permissible non-audit services, as delineated by applicable securities laws and regulation.

4. Review of interim financial statements; earnings releases. The Committee shall review the interim financial statements, and the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. The Committee will review and question management regarding the Company's quarterly financial statements, earnings releases and Reports on Form 10-Q. The Committee will 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.

5. Review of annual audited financial statements. 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, including (a) their judgment about the quality, of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the clarity of the disclosures in the financial statements; and (c) the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including critical accounting policies.

The Committee will also review with management and the independent auditors (a) major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles; (b) major issues regarding the adequacy of internal controls and steps taken in light of material deficiencies; and (c) the effects

of alternative accounting methods and regulatory and accounting initiatives on the financial statements.

The Committee will discuss the results of the annual audit and any difficulties the independent auditors encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management. The Committee will also discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

Based on these reviews, the Committee will make a recommendation to the Board as to whether the audited financial statements are adequate for inclusion in the Company's Annual Report on Form 10-K.

6. Risk assessment and risk management. The Committee will review and discuss with management and the independent auditors the Company's policies with respect to risk assessment and risk management.

7. Internal controls; disclosure controls and procedures. The Committee will review and discuss with management and the independent auditors the Company's internal controls. The Committee will review and discuss the Company's disclosure controls and procedures, and the quarterly assessments of such controls and procedures by the Chief Executive Officer and Chief Financial Officer.

8. Complaint procedures. The Committee will establish and maintain procedures for handling complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

9. Compliance programs. The Committee will review and discuss with management and the independent auditors the adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including the Company's Code of Ethics for Executive and Financial Officers.

10. Report for inclusion in proxy statement. The Committee shall prepare the Audit Committee report that SEC rules require to be included in the Company's annual proxy statement.

11. Charter. The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

12. Investigative authority. 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. The Company shall budget funds that enable the Committee to directly engage Outside Advisors, as defined below.

## **Outside Advisors**

The Committee shall have the authority to retain such outside counsel, experts, investigators, and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have the authority to set an annual budget for its use during the year regarding the discharge of its duties, subject to approval by the full Board of Directors. The Committee shall not engage or contact for review purposes outside accounting firms without the approval of the full Board of Directors.

### **Meetings**

The Committee will meet as often as may be deemed necessary or appropriate in its judgment, but at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members of the Committee shall constitute a quorum. The Committee will meet separately, at least quarterly, with the independent auditors and management to discuss any matters that they wish to bring to the Board's attention.

The Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and independence of the Company's independent auditors.