

## **Audit Committee Charter**

### **A. Purpose**

The Audit Committee is appointed by the Board of Directors of Perma Fix Environmental Services, Inc. (the "Company") for the following purposes:

- 1 Assisting the Board of Directors in discharging its oversight responsibility relating to: (a) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company's financial statements; (b) the surveillance of administration and financial controls and the Company's compliance with legal and regulatory requirements; (c) the outside auditing firm's qualifications and independence; and (d) the performance of the Company's internal audit function and the Company's outside auditing firm; and
- 2 Preparing the report required by the rules of the SEC to be included in the Company's annual proxy statement.

In fulfilling its purpose, the Audit Committee should endeavor to maintain free and open means of communication between the members of the Committee, other members of the Board of Directors, the outside auditor, the senior and financial management of the Company, and with any employees of the Company or other individuals who desire to bring accounting, internal accounting controls, auditing, or other matters to the Committee's attention.

In the exercise of its oversight responsibilities, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements fairly present the Company's financial position and results of operation and are in accordance with generally accepted accounting principles. Instead, such duties remain the responsibility of management and the outside auditor. 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 Audit Committee under the Delaware General Corporation Law to rely, in discharging their responsibilities, on the records of the Company and on other information presented to the Audit Committee, Board of Directors, or Company by officers of employees or by outside experts such as the outside auditor.

### **B. Members**

The Board of Directors shall appoint an Audit Committee of at least three members, and shall designate one member as chairperson. Each member of the Audit Committee must meet the independence and experience requirements of relevant law, including rules and regulations of the Securities and Exchange Commission (the "Commission") and the Nasdaq Stock Market ("Nasdaq"). At least one member of the Audit Committee shall be a "financial expert", as defined relevant law, including rules and regulations adopted by the Commission and Nasdaq. Each member shall be able to read and understand financial statements at the time of their appointment.

The members of the Audit Committee shall be appointed by the Board of Directors on the recommendation of the Corporate Governance and Nominating Committee and may be removed and replaced by the Board in its discretion.

### **C. Authorities and Responsibilities.**

Among its specific duties and responsibilities, the Audit Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the Commission, Nasdaq or other regulatory authority:

- 1 Be directly responsible, in its capacity as a committee of the Board of Directors, for the appointment, compensation and oversight of the outside auditing firm. In this regard, the Audit Committee shall have the sole authority to (a) appoint and retain (subject to ratification by the Company's stockholders), (b) determine the funding for, and (c) when appropriate, terminate, the outside auditing firm, which shall report directly to the Audit Committee.
- 2 Approve in advance all audit services to be provided by the outside auditing firm, including any written engagement letters related thereto; establish policies and procedures for the engagement of the outside auditing firm to provide permissible non-audit services, which shall require preapproval by the Audit Committee of all permissible non-audit services to be provided by the outside auditing firm; and, at the discretion of the Audit Committee, delegate such pre-approval of services to the chairman of the Audit Committee (provided that the chairman shall provide subsequent notification to the Audit Committee of any such pre-approval at scheduled meetings of the Audit Committee).
- 3 Consider, at least annually, the independence of the outside auditing firm, including whether the outside auditing firm's performance of permissible non-audit services is compatible with the auditor's independence; obtain and review a report by the outside auditing firm describing any relationships between the outside auditing firm and the Company or any other relationships that may adversely affect the independence of the auditor; discuss with the outside auditing firm any disclosed relationships or services that may impact the objectivity and independence of the auditor; and present to the Board of Directors the Audit Committee's conclusions with respect to the independence of the outside auditing firm.
- 4 Review and discuss with the outside auditing firm: (a) the scope of the audit, the results of the annual audit examination by the auditor and any accompanying management letters, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the outside auditing firm's activities or on access to requested

- information, and any significant disagreements with management; (b) any reports of the outside auditing firm with respect to interim periods; and (c) the matters required to be discussed by Statement on Auditing Standards No. 61 as then in effect.
- 5 Review and discuss with management and the outside auditing firm the annual audited and quarterly unaudited financial statements of the Company, including: (a) an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the development, selection and reporting of accounting policies that may be regarded as critical; and (c) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations.
  - 6 Recommend to the Board based on the review and discussion described in paragraphs 3 - 5 above, whether the financial statements should be included in the Annual Report on Form 10-K.
  - 7 Periodically review and discuss the adequacy of the Company's internal controls, any significant deficiencies in internal controls, and significant changes in such controls; and review and discuss with the principal internal auditor of the Company and such others as the Audit Committee deems appropriate, the scope and results of the internal audit program.
  - 8 Periodically review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.
  - 9 Review and discuss with management and the outside auditors any material financial or nonfinancial arrangements of the Company which do not appear on the financial statements of the Company.
  - 10 Review any related party transactions involving directors or executive officers of the Company.
  - 11 Review, with the General Counsel or the Company's principal, outside legal counsel, material pending legal proceedings involving the Company and other contingent liabilities.
  - 12 Establish procedures in compliance with relevant law, including rules and negotiations adapted by the Committee and Nasdaq for receiving and 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.
  - 13 Establish policies for the Company's hiring of employees and former employees of the outside auditing firm.
  - 14 Evaluate annually the performance of the Audit Committee and the adequacy of the Audit Committee charter.

## **D. Meetings**

The Audit Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but not less than quarterly, either in person or telephonically. At least annually, the Audit Committee shall meet in executive session with each of management, the principle internal auditor of the Company, and the independent auditory firm. The Audit Committee may create subcommittees who shall report to the Audit Committee. The Audit Committee shall report to the full Board of Directors with respect to its meetings. The majority of the members of the Audit Committee shall constitute a quorum.

## **E. Outside Advisors**

The Audit Committee shall have the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist in the full performance of its functions.

## **F. Investigations**

The Audit Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibilities and shall have the authority to retain outside advisors to assist it in the conduct of any investigation.