

INTERNAL REGULATIONS OF THE AUDIT COMMITTEE

Chapter 1. General dispositions

Legal references referring to the Audit Committee are found in the following legal documents:

- ✓ Law of commercial companies no. 31 from 16 November 1990, with its subsequent modifications and additions;
- ✓ Law no. 162/2017 regarding the statutory audit of the annual financial statements and of consolidated financial statements.
- ✓ Constitutive Deed of AEROSTAR S.A.

The existence of an Audit Committee is a mandatory requirement for all the entities of public interest, in accordance with the provisions of Law no. 162/2017 regarding the statutory audit of the annual financial statements and of the consolidated financial statements.

The Audit Committee fulfils the legal attributions provided on art. 65 from Law no. 162/2017 regarding the statutory audit of the annual financial statements and of the consolidated financial statements, as follows:

- a) informs the administrator of the entity or the members of the Board of Directors/ Supervisory Board of the entity audited, as applicable, regarding the results of the statutory audit and explains in what way the statutory audit has contributed to the financial reporting's integrity and what was the role of the audit committee in this process;
- b) monitors the financial reporting process and makes recommendations or proposals to assure its integrity;
- c) monitors the effectiveness of the internal quality control systems and of the risk management systems of the entity and, as applicable, of the internal audit as regards to the financial reporting of the audited entity, without breaking its independence.
- d) monitors the statutory auditing of the annual financial statements and of the consolidated annual financial statements, especially its execution, taking into consideration the findings and conclusions of the competent authority, in accordance with art. 26, paragraph (6) from (EU) Regulation no. 537/2014;

e) evaluates and monitors the independence of the financial auditors or of the audit companies in accordance with art. 21-25, 28 and 29 from Law no. 162/2017 and with art. 6 from (EU) Regulation no. 537/2014 and, especially, the opportunity to perform non-audit services to the audited entity in accordance with art. 5 from the regulation in question;

f) is responsible for the selection procedure of the financial auditor or of the audit company and recommends the financial auditor or the audit company/companies to be designated, to the General Meeting of the Shareholders/ Members of Board of Directors or to the Supervisory Board, in accordance with art. 16 from (EU) Regulation no. 537/2014, except when art.16, paragraph (8) from (EU) Regulation no. 537/2014 is applied.

Chapter 2. Mission and objectives of the Audit Committee

The role of the Audit Committee is to assist the Board of Directors in the performance of their duties regarding the financial reporting process, the effectiveness of the quality internal control system and of the risk management system and of the internal audit regarding the financial reporting.

The Audit Committee has the purpose:

- ✓ to monitor the financial reporting process;
- ✓ to monitor the statutory audit of the financial statement;
- ✓ to monitor and evaluate the independence of the statutory auditor;
- ✓ to monitor the effectiveness of the risk management activity;
- ✓ to monitor the internal audit's activity regarding the financial reporting;

Chapter 3. The Authority of the Audit Committee

The Audit Committee has the authority to conduct or authorize the investigations considered necessary referring to the aspects related to its area of responsibilities.

The Audit Committee is authorized to:

- ✓ request opinions or assistance from the external consultants, financial auditor, internal auditors, or other persons/specialists/experts in order to carry out an investigation;
- ✓ request any necessary information from the employees or from interested third parties;
- ✓ to organize and perform meetings with the employees, financial auditor, internal auditors or consultants, as applicable;

Chapter 4. Members of the Audit Committee

The Audit Committee of AEROSTAR S.A. is composed from two members designated by the General Meeting of the Shareholders.

At least one member of the audit committee must have competences in accounting and statutory audit, proven by documents of qualification for the respective domains.

The members of the Audit Committee are independent from the entity audited.

During the exercise of their mandate, the members of the Audit Committee shall not hold positions, attributions and shall not execute transactions which may be considered incompatible with the Audit Committee's mission.

The termination of the membership in the Audit Committee can take place by revoking, by giving up, respectively, at the completion of the mandate.

In case of termination of the membership, the Board of Directors shall propose the appointment of another member to occupy the vacancy on the occasion of the first convening of the General Meeting of the Shareholders.

Chapter 5. The attributions of the Audit Committee

The Audit Committee has the following main attributions:

- ✓ shall endorse the internal audit charter;
- ✓ shall endorse the annual and multiannual internal audit;
- ✓ shall endorse the internal audit reports and the recommendations formulated by the internal auditors;

- ✓ shall review and make recommendations to the Board of Directors regarding the appointment, reappointment and revoking of the external auditors, which must be approved by the shareholders;
- ✓ shall periodically evaluate the efficiency, independence and objectivity of the external auditors;
- ✓ shall monitor the relationship with the statutory auditor, including by (but not limited to):
 - making recommendations regarding their remuneration, for both the audit services as well as for other services provided, assuring that the level of fees received allows to perform an adequate audit;
 - approval of the conditions in which the professional relationship is conducted with the statutory auditor.
- ✓ shall organize regular meetings with the statutory auditor, especially in the planning, execution and reporting stages of the audit;
- ✓ shall review the conclusions of the audit with the statutory auditor and discuss any essential issues that may occur;
- ✓ shall develop and implement a policy regarding the provision of any other services further to auditing by the statutory auditor, taking into consideration any ethical recommendation relevant in this field;
- ✓ shall monitor the financial reporting process with attention to the following aspects:
 - conformity with the accounting standards and with the requirements provided by the present laws and regulations;
 - the extent in which the financial statements are affected by any significant or unusual transactions realized during the year and the manner in which these transactions are reported;
 - the methods used to justify the significant or unusual transactions, when more approaches are possible;
 - the clarity, the complete and adequate character of the reporting;
 - any significant adjustments proposed by the statutory auditor;
 - the consistency of the accounting policies and any changes to them
- ✓ shall monitor the statutory audit of the annual financial statements;
- ✓ shall monitor the effectiveness of the internal control and risk management systems;

- ✓ shall annually review its own performance and reference terms, to assure that its activity is being performed with maximum effectiveness. Following this evaluation, the Audit Committee shall propose, for approval, any modifications which they consider necessary to the Board of Directors.

Chapter 6 The functioning of the Audit Committee

The Audit Committee will meet periodically, at least four times per year, as well as exceptionally, when applicable.

The Audit Committee meetings shall be convened by mutual agreement of the two members of the committee, who shall also establish the agenda.

To realize their attributions and to improve the activities which they analyse, endorse, monitor, the committee collaborates with:

- a) The economic direction, including the departments from its structure;
- b) The internal audit department;
- c) **The accounts financial control department;**
- e) The management, with the representatives of the functional structures from AEROSTAR S.A.

To be valid, the decisions of the Audit Committee shall meet, cumulatively, the following conditions:

- ✓ the decision shall be made in witness thereof, with the majority of the Audit Committee's members;
- ✓ the decision is voted with the majority of the valid votes expressed;

At each meeting of the Audit Committee, a minutes shall be prepared which shall contain the name and surname of the present members, the decisions made, the number and votes for each decision, and, on request, the separate opinions. The minutes shall be signed by the members of the Audit Committee who attended the meeting.

Based on the minutes, the Note of the Audit Committee shall be prepared, which comprises all the proposals made on each meeting.

The Note of the Audit Committee shall be submitted to the Board of Directors.

Chapter 7 Confidentiality and professional secret

The members of the audit committee have the responsibility to maintain the confidentiality regarding the data, facts, situations or documents which come into their knowledge during the activity of the committee.

Chapter 8 Final dispositions

The dispositions of the present Internal Regulation shall be reviewed and completed rightfully with all the regulations referring to the activity of the audit committee, at the proposal of the Audit Committee and with the approval of the Board of Directors.