

# Applied Aerospace & Defense, Inc.

## Audit Committee Charter

### Purpose

The Audit Committee (the “Audit Committee” or the “Committee” is established by the Board of Directors (the “Board”) to assist in fulfilling its oversight of the integrity of Applied Aerospace & Defense, Inc.’s (the “Company”) financial statements, the Company’s independent auditor’s qualifications and independence, the performance of the Company’s independent auditor and internal audit function and the Company’s compliance with all relevant legal and regulatory requirements.

The provisions herein are subject to any applicable exemptions and transition periods under the rules of the New York Stock Exchange (“NYSE”) and the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

### Structure and Membership

1. **Chairperson.** The Board will elect the Chairperson by majority vote based on recommendations of the Nominating and Corporate Governance Committee.
2. **Compensation.** The compensation of the Committee members is determined by the Board. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid as a member of the Board or of a committee of the Board.
3. **Financial Literacy.** Each member of the Committee must possess financial literacy, and at least one member should have expertise in accounting or related financial matters. At least one member shall be an “audit committee financial expert” as defined by applicable SEC rules.
4. **Independence.** Except as otherwise permitted by the rules of the NYSE, each member of the Committee shall be an “independent director” as defined by Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules of the NYSE.
5. **Length of Service.** Terms of service and succession planning are determined by the Board.
6. **Members.** Members of the Committee will be appointed by the Board based on recommendations for the Nominating and Corporate Governance Committee. Members may be removed from the Committee with or without cause.
7. **Number.** The Committee shall be comprised of no fewer than three directors.
8. **Overboarding:** No member of the Committee may serve simultaneously on the audit committee of more than three public companies (including the Company’s Audit Committee), unless the Board determines that such simultaneous service would not impair the ability of the member to effectively serve on the Company’s Audit Committee, and such determination is disclosed in the Company’s annual proxy statement.

## Meetings

The Audit Committee will meet as often as it deems necessary in order to perform its responsibilities but no fewer than quarterly. The agenda and materials for Committee meetings will be prepared by the Committee chairperson in consultation with the other Committee members, the chief financial officer and the independent auditor. The Committee shall keep minutes of its proceedings and report regularly to the Board regarding its discussions, determinations and actions and shall make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. Management, auditors, or other relevant individuals may be invited to attend and provide input as needed to support the Committee's work. Executive sessions are held at least annually with the Company's independent auditors, chief financial officer, chief accounting officer and lead internal audit executive, if any. However, the Committee shall meet regularly without such individuals present.

## Responsibilities

- Review and discuss with management and the Company's independent auditor the annual and quarterly financial statements (including the related notes) the form of audit opinion to be issued by the independent auditor on the annual financial statements and the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Review and discuss with management and the Company's independent auditor: (1) the Company's earnings releases, including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial information and (2) any financial information and earnings guidance provided to analysts and ratings agencies, including the type of information to be disclosed and type of presentation to be made. Such discussions may be general (consisting of discussing the types of information to be disclosed and the types of presentations to be made), provided that each earnings release or each instance in which the Company provides earnings guidance need not be discussed in advance.
- Review and discuss with management and the Company's independent auditor: (1) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, (2) analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative accounting methods on the Company's financial statements, (3) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements, (4) consideration of the judgment of both management and the independent auditor about the quality, not just the acceptability, of accounting principles and (5) the completeness and clarity of the disclosures in the financial statements.

- Monitor the integrity and effectiveness of the Company’s financial reporting practices and internal control systems.
- Review and assess the scope and findings of both internal and external audits.
- Ensure compliance with all legal and regulatory requirements relating to financial reporting.
- Establish and maintain procedures for the receipt, retention, and treatment of complaints or concerns regarding accounting, internal controls, or auditing matters.
- The Committee shall report regularly to the Board regarding activities of the Committee and important topics.

Management is responsible for the preparation, presentation and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies used by the Company and for establishing and maintaining adequate internal controls over financial reporting.

The independent auditor is responsible for auditing the Company’s financial statements and the Company’s internal controls over financial reporting and for reviewing the Company’s unaudited interim financial statements.

This Charter does not reflect or create any duty or obligation of the Committee to plan or conduct any audit, to determine or certify that the Company’s financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles, applicable law or to guarantee the independent auditor report.

## Oversight of Independent Auditor

The independent auditor will report directly to the Committee and the Committee shall have sole and direct responsibility for overseeing the work of the independent auditor. The Committee will be made aware of any disputes between management and the independent auditor. Specific responsibilities of the Committee include:

- Overseeing the appointment, evaluation, retainage and when necessary, termination of the engagement of the independent auditor.
- Approving all audit engagement fees and terms.
- Taking appropriate action to oversee the independence of the independent auditor. The Committee shall obtain and review the written disclosures and the letter from the independent auditor required by the Public Company Accounting Oversight Board (the “PCAOB”) concerning independence. The Committee will actively engage with the independent auditor concerning any disclosed relationship or services that might impact the objectivity and independence of the auditor.
- Having responsibility for setting the compensation of the independent auditor.

- Pre-approving all audit and permitted non-audit and tax services whether performed by the Independent Auditor or another auditor and establish policies and procedures for the Committee's pre-approval of permitted services in compliance with applicable SEC rules and review such pre-approval policies at least quarterly.
- Evaluating the qualifications, independence, performance, and objectivity of the Independent Auditor, ensure the auditor's compliance with audit and non-audit service restrictions and present its conclusions with respect to the independent auditor to the Board.
- At least annually, obtaining and reviewing a report by the Company's independent auditor that describes (1) the independent auditor's internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, peer review or PCAOB review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the independent auditor and any steps taken to deal with any such issues and (3) all relationships between the independent auditor and the Company or any of its subsidiaries in order to assess the independent auditor's independence.
- Receiving and considering reports and other communications required of the independent auditor regarding:
  - Critical accounting policies and practices
  - Alternative treatments within generally accepted accounting principles related to material items that have been discussed with Company management.
  - Other material written communications between the independent auditor and Company management
  - Other matters addressed in applicable PCAOB standards and SEC rules.
  - Internal Quality Control findings and remediation efforts
- Reviewing on an annual basis the performance of the Lead Internal Audit Partner, taking into account the opinions of management and the internal auditor, and taking steps for the rotation of the Lead Internal Audit Partner every 5 years as required by law.
- Discussing with the Independent Auditor material issues on which the national office of the Independent Auditor was consulted by the Company's audit team.
- Reviewing and providing guidance to the external audit by: (i) reviewing the independent auditor's proposed audit scope and approach; (ii) discussing with the independent auditor the financial statements and audit findings, including any significant adjustments, any audit problems or difficulties and management's response, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters

described in AS 1301, as may be modified or supplemented; and (iii) reviewing reports submitted to the Audit Committee in accordance with SEC requirements.

- Exercising direct responsibility for: (i) reviewing the responsibilities, functions and performance of the Company's internal audit function, including its charter, plans and budget; (ii) the approval of the hiring, promotion, demotion or termination of the lead internal auditor; (iii) overseeing the lead internal auditor's periodic performance review and changes to his or her compensation; (iv) reviewing the scope and results of internal audits and ongoing assessments of the Company's risk management processes and system of internal control, including review of regular internal reports to management (or summaries thereof) prepared by the Company's internal audit function, as well as management's response; and (v) on a periodic basis, meeting separately with the lead internal auditor to discuss any matters that the Audit Committee or the lead internal auditor believe should be discussed privately
- Setting clear hiring policies for employees or former employees of the Company's independent auditor that participated in any capacity in any Company audit
- Reviewing and discussing with the independent auditor the inspection results of the firm by the PCAOB whether:
  - Any audit of the Company is selected by the PCAOB for inspection, the findings and the firm's response and remedial actions identified by the PCAOB.
  - The PCAOBs inspection of other audits performed by the firm where issues were raised similar to those presented in the Company's audits.

## Financial Statements

The Committee shall review and discuss with the Company's management and independent auditor prior to the public disclosure of the annual and quarterly financial statements.

The Committee shall consider will determine whether it will recommend to the Board that the Company's audited financial statements are to be included in the Company's Annual Report on Form 10-K.

The Committee shall prepare an annual committee report for inclusion in the annual proxy statement relating to its annual meeting of stockholders and review the disclosure in the Company's proxy statement regarding the Committee.

The Committee will direct the independent auditor to use its best efforts to perform all reviews of annual and interim financial information, to have completed all discussions required by applicable auditing standards with the Chief Financial Officer and Audit Committee prior to disclosure by the Company of such information. The Committee directs management to advise the Committee if the Company proposes to disclose interim financial information prior to completion of the independent auditors review of interim financial information.

## Other

The Committee shall:

- Review, with the Chief Administrative Officer and outside legal counsel, legal and regulatory matters relating to the Company and its subsidiaries that could have a significant impact on the Company's financial statements.
- Review the Company's compliance with applicable laws and regulations; and to review and oversee the Company's policies, procedures and programs designed to promote and monitor legal and regulatory compliance and sustainability.
- Coordinate the Board's oversight of the Company's internal control over financial reporting, disclosure controls and procedures and code of conduct.
- Discuss the Company's policies with regards to risk identification, assessment and mitigation and guidelines and policies to govern the process to mitigate the Company's exposure to risks. Risks include financial, cyber security, geopolitical, market, supply chain, etc., facing the Company.
- Review any written responses by the Company to SEC inquiries prior to their issuance.
- Review management's monitoring of compliance with the Foreign Corrupt Practices Act.
- Establish procedures for receipt, retention, investigation and resolution of complaints received by the Company regarding accounting and auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- Periodically review the Company's policies and procedures for reviewing, approving and ratifying "related party transactions" (defined by Item 404 of Regulation S-K). In accordance with the Company's Related Party Transaction Policy and the NYSE, review, approve and oversee of all related person transactions for potential conflict of interest situations on an ongoing basis.
- Keep the Company's independent auditor informed of the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company and whether any of the Audit Committee members has concerns regarding relationships or transactions with related persons and, if so, the substance of those concerns.
- Review and discuss with the Company's independent auditor the independent auditor's evaluation of the Company's identification of, accounting for and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- Oversee and periodically review the Company's investment and treasury policies and shall recommend any changes to the Board.
- Monitor compliance with the Company's Code of Ethics, to investigate any alleged breach or violation of the Code, and to enforce the provisions of the Code.
- Review the audit of Company's financial statements covering the Company's 401(k) employee savings plans.

- Conduct a review of the finance organization, staffing, qualifications, budget, etc.
- Conduct a review of the internal audit organization, staffing, qualifications, budget, etc discuss with management the Company's major cybersecurity and other information technology systems, staffing, budget, exposures, including reviewing the cyber threat landscape facing the Company, the steps management has taken to monitor and control such exposures, and the adequacy of resources, funding, and focus on cybersecurity initiatives.
- If necessary, conduct special investigations with full access to all books, records, facilities and personnel of the Company.
- Review signature authorization matrix.

## Minutes

The Audit Committee will maintain written minutes of its meetings, which will be approved at the next subsequent meeting of the Committee and once approved will be filed with the minutes of the meetings of the Board.

## Authority

The Audit Committee is authorized to investigate any matters within its scope of responsibility. The Committee shall have the authority, in its sole discretion, to retain and terminate an independent auditor, outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. However, the Audit Committee shall not be required to implement or act consistently with the advice or recommendations of the independent auditor, outside legal counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Audit Committee to exercise its own judgment in fulfillment of its duties under this Charter. The Audit Committee shall set the compensation and retention terms and oversee the work of the independent auditor, outside legal counsel or any other advisors. Any communications between the Committee and its outside legal counsel will be privileged communications. The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittees to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

## Funding

The Audit Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to any independent auditor, outside legal counsel and any other advisors, and the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## Charter

Each year, the Committee shall review and evaluate the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## Self-Evaluation

The Committee will annually evaluate its performance and discuss the assessment with the Committee and Board.