

# CHARTER

## AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### MAXWELL TECHNOLOGIES, INC.

The Audit Committee (“Audit Committee”) shall be appointed by the Board of Directors (the “Board”) of Maxwell Technologies, Inc. (the “Company”), a Delaware corporation, and shall serve at the discretion of the Board but subject to the Company’s Bylaws as in effect from time to time and Section 141 of the Delaware General Corporation Law.

#### **I. Role & Purpose**

##### **A. Role**

The Audit Committee shall act on behalf of the Board and oversee all material aspects to the Company’s reporting, control and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The Audit Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on Company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements.

##### **B. Purpose**

The purpose of the Audit Committee is to assist the Board in fulfilling their oversight responsibility to shareholders, potential shareholders, the investment community and others relating to the Company’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the company’s financial statements, and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication between the Audit Committee, the independent auditors, the internal auditors and management of the Company.

#### **II. Authority**

A. The Audit Committee has authority to take appropriate actions necessary to discharge its responsibilities. Such authority includes but is not limited to the power to:

1. Appoint and, when deemed appropriate, replace, in its sole discretion, the Company’s independent auditors.
2. Retain special and/or independent legal, accounting or other consultants to advise or assist the Committee in the performance of its functions, and the Company shall provide appropriate funding for the compensation of such advisors or consultants.
3. Full and unfettered access to all books, records, facilities, and personnel of the Company.

4. Request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

5. Form and delegate authority to subcommittees consisting of one or more members as appropriate, including the authority to grant preapprovals of permitted non-audit services, provided that any decision of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next meeting.

### III. Composition

- A. **Members.** The Audit Committee shall consist of at least three (3) non-employee members of the Company's Board and the chair of the Audit Committee shall be elected by the independent directors of the Board. All members shall be financially literate, and at least one member of the Audit Committee shall qualify as an Audit Committee financial expert under Item 401(h) of SEC Regulation S-K.
- B. **Independence of Members.** No member of the Audit Committee shall have a relationship that may interfere with his or her independence from management and the Company or with the exercise of his or her duties as an Audit Committee member. Additionally, each member shall meet the independence standards of the following: (a) the Nasdaq Listing Rules (during such time as the Company's Common Stock is quoted on the Nasdaq Stock Market) or of the exchange on which the Company's securities are listed; (b) Rule 10A-3(b)(1) promulgated under the Securities Exchange Act of 1934, as amended; (c) any other law or regulation applicable to the Company; and (d) any additional director independence standards or policies adopted by Board from time to time.
- C. **Chairperson.** The Board may appoint the Chairperson of the Committee (the "Chairperson"). Alternatively, the Board may direct that the members of the Committee elect the Chairperson.

### IV. Meetings

- A. **Frequency & Quorum.** The Audit Committee shall hold at least three (3) regular meetings during each calendar year or such other quantity as directed by the Board. A majority of the members of the Audit Committee shall constitute a quorum for all meetings.
- B. **Minutes & Reports.** The Audit Committee shall keep regular minutes of these meeting and report the same to the Board when required and at least on an annual basis.

### V. Responsibilities

- A. The following shall be the principal recurring responsibilities and processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Audit Committee may supplement them as appropriate.

## **B. Appointment and Review of Independent Auditors**

1. Appoint the independent auditors, which firm is ultimately accountable to the Audit Committee and the Board. The committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Audit Committee, as representatives of the Company's shareholders. The independent auditing firm may not be appointed if any senior management personnel of the Company had been employed by such firm and had participated in any audit of the Company during the one-year period preceding the initiation of the current audit.
2. Review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditors. Ensure the rotation of audit personnel as required by law.
3. Pre-approve the fees to be paid to the independent auditors for both audit and non-audit services.
4. Oversee the work of the independent auditors, including resolution of any disagreements between management and the independent auditors regarding financial reporting issues.
5. Pre-approve the retention of the independent auditors for any non-audit service and the fee for such service, subject to the de minimus exception contained in Section 10A(i)(1)(B) of the Exchange Act (which services shall be approved by the Audit Committee prior to completion of the audit for such year). With respect to general tax analysis and advice, such pre-approval may be on an annual basis based on the expected activities for the succeeding year. Such non-audit services may not include any services prohibited by law.
6. Receive periodic reports from the independent auditors regarding the auditor's independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board, discuss such reports with the auditors, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditors.
7. Evaluate the performance and qualification of the independent auditors including, but not limited to, the independent auditors own internal and quality control processes and results of any review or audit of such processes, Public Company Accounting Oversight Board (PCAOB) observations and findings, if any, and any findings by any government agency with regard to the independent auditor or its processes within the last three (3) years which are material to or otherwise substantially impact the relationship between the auditors and the Company.

8. Review and determine whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis. If so determined by the Audit Committee, replace the independent auditors.

9. Recommend guidelines for the Company's hiring of employees of the independent auditors who participated in any capacity in the audit of the Company.

**C. Audit Planning, Review of Financial Statements and Related Materials**

1. Meet with the independent auditors prior to the audit to review the overall scope of the audit, the planning and staffing thereof and the proposed fees therefor.

2. Review with management and the independent auditors the results of the independent auditors' reviews of the quarterly unaudited financial statements and annual audited financial statements.

3. Review with management and the independent auditors the annual audited financial statements to be included in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q including, but not limited to, management's discussion and analysis of financial condition and results of operations, and related disclosure topics, prior to the filing of such reports.

4. Review and discuss reports from the independent auditors on (a) significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements; (b) all critical accounting policies and practices to be used; (c) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and a description of any transactions as to which management obtained Statement on Auditing Standards No. 50 letters; and (d) other material written communications between the independent auditors and management.

5. Discuss with management and the independent auditors the adequacy and effectiveness of the Company's financial staff and accounting and financial controls, including the Company's systems to monitor and manage business risk, and the Company's legal and ethical compliance programs.

6. Review with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

7. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 1301, as may be amended, supplemented or replaced, relating to the conduct of the audit and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards or the rules and standards of the PCAOB.

8. Discuss with the independent auditors significant matters with respect to which they consulted their national office, and, if so determined by the Audit Committee, discuss such matters with the national office of the independent auditors.
9. Meet with the chief financial officer and the independent auditors in separate executive sessions to discuss issues relating to the quarterly unaudited and annual audited financial statements. At least annually, inquire of the independent auditors as to whether any director, officer or employee of the Company has attempted to fraudulently influence, coerce, manipulate or mislead the auditors.
10. Review any disclosures made to the Audit Committee by the chief executive officer and/or chief financial officer during their certification process for the Form 10-K and Form 10-Q regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
11. Obtain confirmation from the independent auditors that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
12. Review with the independent auditors any problems or difficulties the auditors may have encountered and any management letter provided by the auditors and the Company's response to that letter. Such review should include any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management.
13. Based upon its reviews and discussions, the Audit Committee shall recommend to the Board of Directors as to whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
14. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
15. Review the content and clarity of communications with the public regarding annual and quarterly operating results prior to their release.

**D. General Oversight Responsibilities**

1. Review the content and clarity of all material communications with the public regarding changes in financial projections prior to their release.
2. Meet periodically with management to review the Company's major risk exposures, including financial, industry and operational risks, and the steps management has taken to monitor and control such exposures.
3. At least annually, review the Company's "critical accounting policies" with management and the independent auditors.
4. Review major changes to the Company's auditing and accounting policies, principles and practices as suggested by the independent auditors or management.

5. Obtain reports from management, and, if so determined by the Audit Committee, from the independent auditors that the Company's subsidiary/foreign affiliated entities are in conformity with applicable accounting and internal controls requirements and the Company's Code of Business Conduct and Ethics pertaining to such matters, including disclosures of insider and affiliated party transactions.
6. Review with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
7. Oversee implementation of approved corporate compliance guidelines as embodied within specific policies to be followed by the Company including, but not limited to, policies on insider trading, whistleblower reporting and non-retaliation, and related party transactions.
8. Review with counsel legal compliance matters including corporate securities trading policies and other legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
9. Oversee establishment and implementation of procedures for receiving, retaining and investigating reports of illegal acts pertaining to accounting or internal control matters involving the Company detected by the independent accountants or others and, in accordance with such procedures, supervise the investigation of such reports of illegal acts, review the actions taken or to be taken by the Company to remediate such illegal acts, and, if appropriate, recommend further action by the Board of Directors. Oversee establishment and implementation of procedures for the confidential, anonymous submission by employees of the Company and others of concerns or complaints regarding accounting or internal control matters and investigate any such concerns or complaints.
10. Review and approve all related party transactions (as defined in Section 404 of Regulation S-K) involving the Company.
11. Review and discuss with management and the independent auditors new or proposed accounting rules or pronouncements that may affect the Company.
12. Review and update periodically concepts pertaining to accounting and internal controls topics within the Code of Business Conduct and Ethics and communicate same to the Governance Committee.

E. Annual Self-Evaluation

1. The Audit Committee, at least annually, will review its operations and performance and make such changes as it deems appropriate. The Audit Committee shall prepare a report of such evaluation for submission to the Governance Committee.

## **V. Review of Charter**

**A.** The Audit Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.