



## SAFEGUARD SCIENTIFICS, INC. AUDIT COMMITTEE CHARTER

### I. Purpose

The Audit Committee (the “Committee”) of the Company is appointed by the Board of Directors (the “Board”) of Safeguard Scientifics, Inc. (the “Company”). The Board has determined to establish the governing principles of the Committee through the adoption of this Charter.

The Committee’s purposes shall be:

- (i) to assist the Board in its oversight of (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; and (iii) the performance of the Company’s internal audit function;
- (ii) to interact directly with and evaluate the performance of the Company’s independent registered public accounting firm, including to determine whether to engage or dismiss the independent registered public accounting firm and to monitor the independent registered public accounting firm’s qualifications and independence;
- (iii) to prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement; and
- (iv) to discharge such other duties and responsibilities as may be required of the Committee by the provisions of applicable law or rule or regulation of the New York Stock Exchange.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing. Consequently, it is not the duty of the Committee to determine that the Company’s financial statements are complete and accurate, are prepared in accordance with generally accepted accounting principles (“GAAP”), or fairly present the financial condition, results of operations, and cash flows of the Company in accordance with GAAP. These are the responsibilities of management, and the independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews of the Company’s financial statements. The Committee’s considerations and discussions with management and the independent registered public accounting firm do not ensure that the Company’s financial statements are presented in accordance with GAAP, that the audit of the Company’s financial statements has been carried out in accordance with applicable auditing standards, or that the Company’s independent registered public accountants are in fact “independent.”

## **II. Primary Responsibilities and Duties**

### **A. Financial Reporting**

1. The Committee shall meet to review and discuss with management and the independent registered public accounting firm the annual audited financial statements to be included in the Company's annual report on Form 10-K, the quarterly financial statements to be included in the Company's quarterly reports on Form 10-Q, the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any other significant financial disclosures to be included in SEC filings prior to their release. The Committee shall review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of internal controls and any special audit steps adopted in light of material control deficiencies; analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements; the use of pro forma or non-GAAP financial information; and any correspondence with regulators or published reports that raise material issues with respect to, or that could have a significant effect on, the Company's financial statements.
2. The Committee shall recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.
3. The Committee shall review earnings press releases prior to their release, as well as financial information and earnings guidance provided to analysts and ratings agencies.
4. The Committee shall prepare the Committee report required in accordance with the applicable rules and regulations of the SEC to be included in the Company's annual proxy statement.

### **B. Risk and Control Environment**

1. The Committee shall oversee the Company's policies and guidelines regarding risk assessment and risk management, as well as the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures.
2. The Committee shall oversee the Company's Code of Business Conduct & Ethics and shall have the sole authority to grant waivers of the Company's Code of Business Conduct & Ethics to the Company's directors and executive officers.

3. The Committee shall meet separately, periodically, with the internal auditor, the general counsel, outside legal counsel, at their discretion, and the independent registered public accounting firm to review the Company's policies and procedures regarding disclosures that may affect the financial statements and compliance with applicable laws and regulations and the Company's Code of Business Conduct & Ethics.
4. The Committee shall review the Company's disclosure controls and procedures, including internal control over financial reporting (each as defined by the SEC), and, where applicable, shall review the changes in internal control over financial reporting intended to address any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting and any fraud involving management or other employees that are reported to the Committee. In addition, the Committee shall review and discuss the report of management on the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on the effectiveness of the Company's internal control over financial reporting.

**C. Oversight of Internal Audit Function**

1. The Committee shall oversee the activities, organizational structure and qualifications of the internal auditor and shall review the effectiveness of the internal audit function.
2. The internal auditor shall attend Committee meetings at the Committee's request from time to time, and report, at least semi-annually, to the Committee on audit results for the period and the status of the audit schedule. Reports may be made at more frequent intervals if deemed necessary by the Committee or as may be requested by the internal auditor.
3. The Committee shall review and approve the annual internal audit plan, objectives, schedules and any special projects undertaken by the internal auditor.
4. The Committee shall discuss with the internal auditor any changes to, and the implementation of, the internal audit plan and any special projects and the results of such internal audits and special projects.
5. The Committee shall review any significant reports to management prepared by the internal auditor, management's responses and the status of any recommended corrective action. Particular emphasis will be given by the Committee to any significant control deficiencies and actions taken by management to correct them.
6. The Committee shall discuss with the internal auditor any audit problems or difficulties, including any restrictions on the scope of the activities of the internal auditor or on access to requested information, and management's response to same, and any other matters required to be brought to its attention.

7. The Committee may request, either directly or indirectly through the Chief Financial Officer or the Corporate Controller, that the internal auditor perform special studies, investigations, or other services in matters of interest or concern to the Committee.
8. The Committee shall review and approve the appointment and replacement of the internal auditor.

**D. Oversee Relationship with Independent Registered Public Accounting Firm**

1. Appointment and Authorization of Services

- a. The Committee shall have the sole authority to retain, set compensation and retention terms for, terminate, review and evaluate the activities of the Company's independent registered public accounting firm.
- b. The independent registered public accounting firm shall report directly to the Committee.
- c. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent registered public accounting firm.
- d. The Committee shall review and approve in advance the retention of the independent registered public accounting firm for the performance of all audit and lawfully permitted non-audit services. Pre-approval of lawfully permitted non-audit services may be pursuant to appropriate policies and procedures established by the Committee for the pre-approval of such non-audit services, provided that any such pre-approved non-audit services are reported to the full Committee at its next scheduled meeting.
- e. Prior to initiation of the audit, the Committee shall meet with the independent registered public accounting firm to discuss the planning, staffing and fees related to the audit, including the impact of applicable rotation requirements and other independence rules on staffing.

2. Oversight of Independence and Qualifications of Independent Registered Public Accounting Firm

- a. The Committee shall, at least annually, obtain and review a report by the independent registered public accounting firm describing: (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities or a private sector regulatory board, within the preceding five years, respecting one or more independent audits performed by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the firm and the Company in order to assess the firm's independence.

- b. After reviewing the foregoing report from the independent registered public accounting firm and the independent registered public accounting firm's work throughout the audit period, the Committee will conduct an annual evaluation of the independent registered public accounting firm's qualifications, performance and independence. This evaluation also shall include the review and evaluation of the audit engagement team, including the lead partner. In making its evaluation, the Committee shall take into account the opinions of management and the internal auditor. In addition to assuring the regular rotation of the lead audit partner as required by law, the Committee will also consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee shall present its conclusions with respect to the evaluation of the independent registered public accounting firm to the Board.

### 3. Other Oversight Responsibilities

- a. The Committee shall review periodically any reports prepared by the independent registered public accounting firm and provided to the Committee relating to significant financial reporting issues and judgments including, among other things, the Company's selection, application, and disclosure of critical accounting policies and practices, all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including the ramifications of such treatments and the treatment preferred by the independent registered public accounting firm, and any other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.
- b. The Committee shall discuss with the independent registered public accounting firm any audit problems or difficulties, including any restrictions on the scope of the firm's activities or on access to requested information, and management's response to same, and any other matters required to be brought to its attention under auditing standards (e.g., Auditing Standard 1301, and PCAOB Rule 3526), and shall resolve any disagreements between the independent registered public accounting firm and management.
- c. The Committee shall set clear policies for the hiring by the Company of employees or former employees of the independent registered public accounting firm.

## III. Other Powers and Responsibilities

### A. Evaluations

The Committee shall review and assess the performance of the Committee annually and deliver a report to the Board setting forth the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including at a minimum, the adequacy, appropriateness and quality of the information

and recommendations presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

**B. Investigations; Retention of Professional and Other Advisors**

1. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The President, Chief Financial Officer, General Counsel or Secretary of the Company shall provide or arrange to provide such other information, data and services as the Committee may request. The Committee shall conduct such interviews or discussions as it deems appropriate with personnel of the Company and/or others whose views would be considered helpful to the Committee.
2. The Committee shall have the authority to obtain advice, counsel and assistance from internal and external legal, accounting and other advisors for any reason, including but not limited to in connection with any investigations deemed necessary by the Committee.
3. The Company shall provide appropriate funding, as determined by the Committee, for the Committee to retain such advisors and to provide for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, in each case without requiring the Committee to seek Board approval.

**C. Oversight of the Company with Regard to External Financial Reporting**

The Committee shall review, at least annually, with management, that the Company's reporting lines, competencies, capacity, vulnerabilities to turnover, and selection of outside service providers and experts is appropriate to ensure the issuance of accurate and timely external financial statements in accordance with GAAP and SEC regulations.

**D. Delegation of Authority**

The Committee shall oversee, and review at least annually, the Company's policy regarding appropriate delegation of authority at different levels of the Company to enable transactions to be executed in accordance the management's specific authority and intent.

**E. Whistleblowing Procedures**

The Committee shall establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

**F. Fraud Risk Management Program**

The Committee shall oversee, and review at least annually, the Company's Fraud Risk Management Program including the results of the Company's fraud risk assessment.

**G. Related Party Transactions**

The Committee shall review and approve any “related party/person” transaction as defined in Accounting Standards Codification Topic 850 and Item 404 of Regulation S-K, promulgated by the SEC, in accordance with the Company’s policies and procedures, as may be in effect from time to time.

**H. Revision of Charter**

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

**I. Reports**

The Committee shall make regular reports to the Board on its activities, including describing matters discussed and all actions taken by the Committee at each meeting of the Committee, reviewing any issues that arise respecting the quality and integrity of the Company’s public reporting, the Company’s compliance with legal and regulatory requirements, the performance and independence of the Company’s independent registered public accounting firm, the performance of the Company’s internal audit function and the effectiveness of the Company’s disclosure controls and procedures. The Committee shall make such recommendations to the Board as it deems appropriate.

**J. Miscellaneous**

The Committee shall perform any other activities consistent with this Charter, the Company’s Articles of Incorporation, Bylaws and governing law, as the Committee deems necessary or appropriate.

**IV. Membership and Organization of Committee**

**A. Size of Committee**

The Committee shall consist of at least three directors.

**B. Member Qualifications**

1. Each director who serves on the Committee must be independent. A director shall qualify as independent if the Board has affirmatively determined that the director has satisfied the basic independence criteria set forth in the Company’s Corporate Governance Guidelines. In addition, members of the Committee must also satisfy the following additional requirements in order to be independent:
  - a. no Committee member or immediate family member of such Committee member may be an affiliated person of the Company or any of its subsidiaries, as that term is defined by the SEC; and
  - b. no Committee member shall accept, directly or indirectly, any consulting, advisory, or other compensatory fees from the Company or any of its

subsidiaries, except for fees for services as a director and member of the Audit Committee and any other Board committee.

2. All members of the Committee must be financially literate or become financially literate within a reasonable time after appointment to the Committee. At least one member shall have accounting or related financial management expertise. At least one member of the Committee shall be an “audit committee financial expert” as that term is defined by the SEC.
3. Generally, no member of the Committee may serve simultaneously on the audit committees of more than three public companies (including the Company) without a specific Board determination that such simultaneous service will not impair the ability of such Committee member to serve on the Committee.

**C. Appointment**

The members of the Committee shall be nominated by the Nominating and Corporate Governance Committee and appointed by a majority of the Board. The Nominating and Corporate Governance Committee may recommend, and the Board may designate, one member of the Committee to serve as Chairperson. If the Chairperson is absent from a meeting, another member of the Committee may act as Chairperson.

**D. Term**

Members of the Committee will be appointed for one-year terms and shall serve for such term or until their successors are duly appointed, subject to their earlier resignation, retirement, or removal by the Board. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause. No members of the Committee shall be removed except by majority vote of the independent directors of the Board then in office.

**V. Meetings and Procedures**

**A. Frequency**

The Committee shall meet when, where and as often as it may deem necessary and appropriate in its judgment, but in no event less than four times per year. Members of the Committee may participate in a meeting of the Committee in person or by means of a telephone conference or similar means by which all persons participating in a meeting can hear one another, and such participation in a meeting will constitute presence in person at the meeting. A majority of the members of the Committee shall constitute a quorum. Any Committee member, the Chairperson of the Board or the Corporate Secretary shall have the right to call a special meeting of the Committee.



**B. Non-Committee Member Attendees**

1. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
2. The Committee shall meet with the independent registered public accounting firm, the internal auditor, and management in separate meetings as often as it deems necessary and appropriate in its judgment.

**C. Conduct of Meetings**

1. The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.
2. The Committee shall maintain a meeting calendar of required activities.

**D. Minutes**

A member of the Committee, a designee of the Committee or the Company's Secretary shall keep written minutes of Committee meetings, which minutes shall be maintained with the books and records of the Company.

**E. Delegation of Authority**

The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation, listing standard or the Company's Articles of Incorporation or Bylaws to be exercised by the Committee as a whole.

Adopted: May 11, 2000

Last Approved: November 5, 2019