

# **Audit Committee Charter**

## **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ELECTRIQ POWER HOLDINGS, INC.**

(As of November 8, 2023)

### **I. General Focus**

The Audit Committee (the “Committee”) shall provide assistance to the Board of Directors (“Board”) of Electriq Power Holdings, Inc., a Delaware corporation (the “Corporation”), in fulfilling its responsibilities with respect to its oversight of the quality and integrity of the Corporation’s financial statements; the Corporation’s compliance with legal and regulatory requirements; the independent auditor’s qualifications and independence; the performance of the Corporation’s internal audit function and independent auditors; and the implementation and effectiveness of the Corporation’s ethics and compliance program.

### **II. Structure and Operations**

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be “independent” under the rules of the New York Stock Exchange, Inc. (“NYSE”) and the rules promulgated by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Each member of the Committee shall be financially literate or become financially literate within a reasonable period of time after his or her appointment to the Committee and at least one member shall in the judgment of the Board have accounting or related financial management expertise as required by the rules of the NYSE and be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K.

Each member of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

### **III. Meetings**

The Committee shall meet as frequently as circumstances dictate. Each regularly scheduled meeting will conclude with an executive session of the Committee absent the members of management. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee. As part of its goal to foster open

communication, the Committee shall periodically meet separately with each of management, the personnel responsible for the internal audit function and the independent auditors to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Committee may meet privately with the chief legal officer and the personnel responsible for the ethics and compliance program, as necessary.

All non-management directors who are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the members, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may act by unanimous written consent.

The Committee shall appoint a person who need not be a member thereof to act as secretary and minutes of its proceedings shall be kept in minute books provided for that purpose. The agenda of each meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

#### **IV. Responsibilities and Duties**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting, or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention.

The Committee shall be given full access to the Corporation's internal audit group, ethics and compliance personnel, Board, corporate executives, and independent accountants, as necessary, to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board.

Notwithstanding the foregoing, the Committee is not responsible for certifying the Corporation's financial statements or guaranteeing the independent auditor's report. The fundamental responsibility for the Corporation's financial statements and disclosures rests with management and the independent auditors.

### ***Documents/Reports Review***

1. Meet with management, the independent auditors and outside counsel to review and discuss, prior to public dissemination, the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and discuss with the independent auditors the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, the matters required to be discussed by Public Company Accounting Oversight Board Ethics and Independence Rule 3526, and the communications required under Public Company Accounting Oversight Board Auditing Standard No. 1, as such rules may be amended or superseded.
2. Report to the Board whether, based on its discussions with management, the independent auditor and outside counsel, it recommends to the Board that the most recent year's audited financial statements be included in the Corporation's annual report on Form 10-K to be filed with the SEC.
3. Review and discuss with management, the independent auditors and outside counsel the Corporation's earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information).
4. Review and discuss with management, the independent auditors and outside counsel financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each instance in which the Corporation may provide earnings guidance.

### ***Independent Auditors***

5. The Committee shall have the direct responsibility and authority to appoint, compensate, retain, evaluate, and oversee and, where appropriate, replace the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The Committee shall inform the independent auditors that such firm shall report directly to the Committee. The Committee shall resolve disagreements between management and the independent auditor regarding financial reporting.
6. Review the independent auditors' audit plan and areas of audit focus, as well as their review of internal control over financial reporting. Review the fees and other significant compensation to be paid to the independent auditors.
7. Approve in advance any audit or nonaudit engagement or relationship between the Corporation and any independent auditor engaged to prepare or issue an audit report or perform other audit, review, or attest services, other than prohibited nonauditing services, as specified in the rules and regulations of the SEC or any rules of the Public Company Accounting Oversight Board promulgated thereunder. The Committee shall not approve

any “prohibited nonauditing services” without obtaining a prior exemption from the Public Company Accounting Oversight Board. Audit and nonaudit engagements must be approved either (i) explicitly in advance or (ii) pursuant to a pre-approval policy established by the Committee. The Committee may delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee’s decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.

8. Review and assess, at least annually, the qualifications, performance, and independence of the independent auditors, including a review and evaluation of the lead partner, and report the conclusions to the full Board. In conducting its review and evaluation, the Committee should:

- (i) Review the written report of the independent auditor that delineates all relationships between the independent auditor and the Corporation that the auditors believe may impact their independence and objectivity, which report should be submitted to the Committee at least annually, and discuss with the independent auditor and management the scope of any such disclosed relationship and their actual or potential impact on the independent auditor’s independence and objectivity;
- (ii) Obtain and review a report by the Corporation’s independent auditor describing: (a) the auditor’s internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditor and the Corporation;
- (iii) Consider the opinions of management and the Corporation’s internal auditors (or personnel responsible for the internal audit function); and
- (iv) Confirm rotation of audit partners to ensure compliance with applicable law and consider whether there should be regular rotation of the independent auditor.

***Internal Auditors***

9. Review and approve the internal audit plan and significant changes in planned activities; review significant findings resulting from audits and managements’ responsiveness to the findings.

10. Evaluate the performance and independence of the internal auditors, including the organizational structure of the function and the qualifications of its personnel.

11. Periodically review, with the internal auditors, any significant difficulties or disagreements with management, or scope restrictions encountered during the course of their work.

12. Periodically review, with the independent auditors, the internal audit function's responsibility, budget, and staffing.

13. Periodically review, and recommend changes, if any, to the internal audit charter.

### ***Financial Reporting Process***

14. In consultation with the independent auditors, management, and the internal auditors, review the integrity of the Corporation's financial reporting processes, both internal and external. In connection therewith, the Committee should obtain and discuss with management and the independent auditor reports from management and the independent auditor regarding: (i) all critical accounting policies and practices to be used by the Corporation; (ii) all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management of the Corporation, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; (iii) other material written communications between the independent auditor and the Corporation's management, such as any management letter or schedule of unadjusted differences; (iv) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; and (v) analyses prepared by management and/or the independent auditor 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.

15. The Committee will receive and review any disclosure from the Corporation's Chief Executive Officer and Chief Financial Officer made in connection with the certification of the Corporation's quarterly and annual reports filed with the SEC of: (i) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize, and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.

16. Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.

17. Review with the independent auditor (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued or proposed to be issued by the independent auditor to the Corporation. The review should

also include discussion of the responsibilities, budget and staffing of the corporation's internal audit function.

### ***Legal/Compliance/General***

18. Review and assess the risk of management's ability to override the Corporation's internal controls.

19. Review and assess periodically the Corporation's Finance organization, including its budget, organization, and quality of personnel, as well as the qualifications and performance of the senior leaders of the Finance organization, as well as the Chief Financial Officer.

20. Review periodically, with the Corporation's chief legal officer, any legal matter that could have a significant impact on the Corporation's financial statements and any material inquiries or reports received from regulatory or governmental agencies.

21. Review periodically the content and operation of the Corporation's ethics and compliance program and the Code of Business Ethics, as well as the qualifications and performance of the chief ethics and compliance officer.

22. Discuss with management and the independent auditors periodically the Corporation's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the Corporation's major financial statement risk exposures and the overall steps management has taken to monitor and control such exposures; however, the Committee is not responsible for detailed review of financial risk exposure, policy and management, which responsibility has been delegated to another committee of the Board.

23. Provide oversight for matters related to the security of and risks related to information technology systems and procedures and operational technology systems and procedures.

24. Set clear hiring policies for employees or former employees of the independent auditors.

25. Establish, and review periodically, procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### ***Finance & Risk Management***

26. Periodically review the long-term and short-term financial objectives and policies of the Corporation, including dividend policy, and recommend such policies and objectives for action by the Board where appropriate.

27. Review the financial condition and operating results of the Corporation.

28. Evaluate the financing requirements of the Corporation and management's proposed

financing plans. Recommend to the Board those authorizations, filings, and applications necessary and appropriate to enable management to execute such plans.

29. Review projects, including the financial impacts of projects, and make recommendations to the Board.

30. Consider and recommend to the Board common stock sales, repurchases or splits, as appropriate, and payments of dividends.

31. Review entry into and status of the Corporation's credit facilities.

32. Review periodically investment guidelines and performance, including employee benefits programs.

33. Review financial implications of any significant transactions requiring Board approval, such as mergers, acquisitions, reorganizations, and divestitures.

34. Review the enterprise risk exposures and provide oversight for the processes to assess and manage enterprise risk.

35. Review the financial exposures undertaken by the Corporation with any mitigating strategies, including insurance, and consider these in light of the approved Corporation risk management policies. Such exposures to consider include physical and financial positions in commodities markets; derivatives strategies; capital commitments; sovereign and foreign exchange exposures; undertakings assumed in turnkey construction or engineering agreements, including liquidated damages; and exposure to interest rate fluctuations.

### ***Reports***

36. Review and approve the Committee's report required to be included in the Corporation's annual proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.

37. Report regularly to the full Board including:

(i) with respect to any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors or the performance of the internal audit function;

(ii) following all meetings of the Committee; and

(iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The report to the Board may take the form of an oral report by the Chair of the Committee or any other member of the Committee designated by the Committee to make such report.

38. Maintain minutes or other records of meetings and activities of the Committee.

39. The Committee shall receive appropriate funding from the Corporation for the payment of compensation to the independent auditors, to other advisors retained by the Committee pursuant to the provisions of this Charter, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

***Related Parties Transactions***

40. The Committee shall inform the Corporation's independent auditors as requested as to the Committee's understanding of the Corporation's relationships and transactions with related parties that are significant to the Corporation; and review and discuss with the Corporation's independent auditors the auditors' evaluation of the Corporation'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 Corporation's relationships and transactions with related parties.

41. A "Related Party Transaction" is any transaction directly or indirectly between the Corporation and any related person that would need to be disclosed under Item 404(a) of Regulation S-K promulgated by the SEC, including all instructions thereto ("Item 404(a)"), including any material amendment or modification to an existing Related Party Transaction. The term "related person" includes any person defined as a related person in Item 404(a).

42. The Committee shall conduct a prior review, approve, and oversee any Related Party Transaction and any other potential conflict of interest situations on an ongoing basis, in accordance with the Corporation's policies and procedures, and to develop policies and procedures for the Committee's approval of related party transactions.

43. Prior to entering into a Related Party Transaction, each related person shall provide notice to the Chair of the Audit Committee of the facts and circumstances of the proposed Related Party Transaction, which shall include:

- (i) the name of the related party and, if he or she is an immediate family member, the nature of such immediate family member's relationship with the director, director nominee, executive officer, or significant shareholder of the Corporation;
- (ii) the related party's interest in the transaction, including the related party's position(s) or relationship(s) with, or ownership of, a firm, corporation, or other person or entity that is a party to, or has an interest in the transaction;
- (iii) the material facts and terms of the transaction, including the approximate dollar value of the amount involved;
- (iv) the approximate dollar value of the amount of the related party's interest in the transaction, computed without regard to the amount of profit or loss; and
- (v) in the case of indebtedness, the largest total amount of principal outstanding since the beginning of the Corporation's last fiscal year, the amount of principal outstanding as of the last practicable date, the amount of principal paid since



the beginning of the Corporation's last fiscal year and the rate or amount of interest payable on the indebtedness.

44. Each director and executive officer shall complete a questionnaire on an annual basis designed to elicit information about any potential Related Party Transactions.

45. Any potential Related Party Transactions that are brought to the Committee's attention shall be analyzed by the Committee, in consultation with outside counsel or members of management, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Charter. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Party Transaction.

46. No director or executive officer shall participate in any discussion of, or decision concerning, a potential Related Party Transaction as to which he or she, or any immediate family member of his or hers, is considered the related party. Any member of the Committee who has an interest in the transaction under discussion shall abstain from voting on the approval of the Related Party Transaction, but may, if so, requested by the chairman of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction. If more than one member of the Committee is interested such that the Committee fails to achieve a quorum, the Committee shall refer the transaction to a disinterested quorum of the Corporation's board of directors.

47. At each of its meetings, the Committee shall be provided with the details of each new, existing, or proposed Related Party Transaction, including the terms of the transaction, any contractual restrictions that the Corporation has already committed to, the business purpose of the transaction, and the benefits to the Corporation and to the relevant related party. In determining whether to approve a Related Party Transaction, the Committee shall consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- (i) whether the terms of the Related Party Transaction are fair to the Corporation and on the same basis as would apply if the transaction did not involve a related Party;
- (ii) whether there are business reasons for the Corporation to enter into the Related Party Transaction;
- (iii) whether the Related Party Transaction would impair the independence of an outside director;
- (iv) whether the Related Party Transaction would present an improper conflict of interest for any director or executive officer of the Corporation, considering the size of the transaction, the overall financial position of the director, executive officer, or related party, the direct or indirect nature of the director's, executive officer's or related party's interest in the transaction and the ongoing nature of

any proposed relationship, and any other factors the Committee deems relevant;

- (v) any pre-existing contractual obligations; and
- (vi) whether the Related Party Transaction contravenes the Corporation's Code of Ethics or other policies.

48. If the Related Party Transaction is not approved, the director or executive officer must forgo any participation in the transaction.

## **V. Annual Performance Evaluation**

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.