



## **International Stem Cell Corporation Audit Committee Charter**

**Effective Date: December 20, 2021**

### **I. PURPOSE**

This Charter specifies the authority and scope of the responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of International Stem Cell Corporation (the “Company”) and the manner in which those responsibilities shall be performed, including the Committee’s structure, processes and membership requirements.

The primary purpose of the Committee shall be to act on behalf of the Board in fulfilling the Board’s oversight responsibilities with respect to: (i) the Company’s corporate accounting and financial reporting processes, (ii) the systems of internal accounting and financial controls, (iii) audits of financial statements, (iv) the quality and integrity of the Company’s financial statements, reports and other financial information and (v) the qualifications, independence and performance of the firm or firms of certified public accountants engaged as the Company’s independent outside auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services (the “Auditors”). The Committee shall also provide oversight assistance in connection with the Company’s legal, regulatory and ethical compliance policies and programs as established by management and the Board. The operation of the Committee shall be subject to the Bylaws of the Company and Section 141 of the Delaware General Corporation Law, each as may be in effect from time to time.

The policy of the Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication among the Committee, the Auditors and the Company’s senior management.

### **II. ORGANIZATION.**

**1. Members.** The Committee shall consist of at least two (2) members of the Company’s Board of Directors. The members of the Committee shall satisfy the independence and financial literacy requirements of Section 301 of the Sarbanes-Oxley Act of 2002 and any applicable exchange listing rules or regulations as may be in effect from time to time. Each member of the Committee must be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member shall satisfy the applicable financial sophistication requirements as in effect from time to time. In addition, the Committee shall *not* include any member who:

- has participated in the preparation of the financial statements of the Company or any of its current subsidiaries at any time during the past three years;
- accepts any consulting, advisory, or other compensatory fee, directly or indirectly, from the Company, other than in his or her capacity as a member of the Committee, the Board, or any other committee of the Board; or

- is an affiliate of the Company or any subsidiary of the Company, as defined by the rules of the SEC, other than a director who meets all applicable independence requirements.

The members of the Committee and the Committee chairperson shall be appointed, and may be removed or replaced, by the Board.

**2. Meetings.** The majority of the members of the Committee constitutes a quorum. The Committee shall hold such regular or special meetings as its members shall deem necessary or appropriate. Minutes of each meeting of the Committee shall be prepared for each meeting. All determinations of the Committee shall be by a majority of the disinterested members present at a meeting duly called or held, provided that any decision or determination of the Committee reduced to writing and consented to (including, but not limited to, by means of electronic transmission) by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held. The Committee may form and delegate authority to subcommittees, or to one or more members of the Committee, when appropriate.

### **III. AUTHORITY AND RESPONSIBILITIES**

The Committee shall have sole authority to appoint, determine compensation for (at the expense of the Company), retain and oversee the Auditors as set forth in Section 10A(m)(2) of the Securities Exchange Act of 1934, as amended, and the rules thereunder and otherwise to fulfill its responsibilities under this Charter. The Committee shall have authority to retain and determine compensation for (at the expense of the Company) special legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties. The Committee shall also have authority to pay (at the expense of the Company) ordinary administrative expenses that, as determined by the Committee, are necessary or appropriate in carrying out its duties. The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have authority to require that any of the Company's personnel, counsel, Auditors, bankers or investment bankers, or any other vendor, consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants.

The Committee shall oversee the Company's financial reporting process on behalf of the Board, shall have sole and direct responsibility for the appointment, compensation, retention and oversight of the work of the Auditors, who shall report directly and be accountable to the Committee. Among its other duties, the Committee shall oversee the following functions and processes of the Company and take the following such other actions as the Committee may determine appropriate from time to time:

**1. Evaluation and Retention of Auditors.** To evaluate the performance of the Auditors, to assess their qualifications and to determine whether to retain or to terminate the existing Auditors or to appoint and engage new auditors for the ensuing year or any portion thereof, as the Committee may deem appropriate.

**2. Approval of Audit Engagements.** To determine and approve engagements of the Auditors, prior to commencement of such engagements, to oversee and approve all proposed audit, review and attest services, including the scope of and plans for the audit, the adequacy of staffing, the compensation to be paid (at the Company's expense) to the Auditors and to negotiate and execute, on behalf of the Company, the Auditors' engagement letters, which approval may be pursuant to pre-approval policies and procedures established by the Committee consistent with applicable laws and rules, including the delegation of pre-approval authority to one or more Committee members.

**3. Approval of Non-Audit Services.** To determine and approve engagements of the Auditors, prior to commencement of such engagements (unless in compliance with exceptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of the service and the compensation to be paid therefore, which approval may be pursuant to pre-approval policies and procedures established by the Committee consistent with applicable laws and rules, including the delegation of pre-approval authority to one or more Committee members.

**4. Audit Partner Rotation.** To monitor the rotation of the partners of the Auditors on the Company's audit engagement team as required by applicable laws or rules, including consultation with the Auditors regarding the timing of such rotation and transitions, and to consider periodically and, if deemed appropriate, adopt a policy regarding rotation or changes of auditing firms.

**5. Auditor Conflicts.** At least annually, to receive and review written statements from the Auditors delineating all relationships between the Auditors and the Company, consistent with applicable requirements and the PCAOB's independence rules, to consider and discuss with the Auditors any disclosed relationships and any compensation or services that could affect the Auditors' objectivity and independence, and to assess and otherwise take appropriate action to oversee the independence of the Auditors.

**6. Former Employees of Auditor.** To consider and, if deemed appropriate, adopt a policy regarding Committee pre-approval of employment by the Company of individuals employed or formerly employed by the Auditors and engaged on the Company's account.

**7. Audited Financial Statement Review.** To review, upon completion of the audit, the financial statements proposed to be included in the Company's Annual Report on Form 10-K to be filed with the Securities and Exchange Commission and to recommend whether or not such financial statements should be so included.

**8. Annual Audit Results.** To discuss with management and the Auditors the results of the annual audit, including the Auditors' assessment of the applicable accounting principles, the reasonableness and consistency from year to year of significant judgments accounting treatments, reserves and estimates (including material changes in estimates), any material audit adjustments proposed by the Auditors and any adjustments proposed but not recorded, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the Auditors under generally accepted auditing standards.

**9. Quarterly Results.** To review and discuss with management and the Auditors the results of the Auditors' review of the Company's quarterly financial statements, prior to public disclosure of quarterly financial information, if practicable, or filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q (or equivalent), and any other matters required to be communicated to the Committee by the Auditors under applicable law or generally accepted auditing standards.

**10. Management's Discussion and Analysis.** To review and discuss with management and the Auditors, as appropriate, the Company's disclosures contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its periodic reports to be filed with the Securities and Exchange Commission.

**11. Press Releases.** To review and discuss with management, counsel and the Auditors, as appropriate, quarterly press releases, as well as the substance of any financial information or earnings guidance that may be provided to analysts and ratings agencies. The Chair of the Committee may represent the entire Committee for purposes of this review and discussion.

**12. Accounting Principles and Policies.** To review and discuss with management and the Auditors, as appropriate, significant issues that arise regarding accounting principles and financial statement presentation, including critical accounting policies and practices, alternative accounting policies available under GAAP related to material items discussed with management and any other significant reporting issues and judgments.

**13. Risk Assessment and Management.** To review and discuss with management and the Auditors, as appropriate, the Company's guidelines and policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps taken by management to monitor and control these exposures.

**14. Management Cooperation with Audit.** To evaluate the cooperation received by the Auditors during their audit examination, including a review with the Auditors of any significant difficulties with the audit or any restrictions on the scope of their activities or access to required records, data and information, significant disagreements with management and management's response, if any.

**15. Management Letters.** To review and discuss with the Auditors and, if appropriate, management, any management or internal control letter issued or, to the extent practicable, proposed to be issued by the Auditors and management's response, if any, to such letter, as well as any additional material written communications between the Auditors and management.

**16. National Office Communications.** To review and discuss with the Auditors communications between the audit team and the firm's national office (or equivalent) with respect to accounting or auditing issues presented by the engagement.

**17. Disagreements Between Auditors and Management.** To review and discuss with management and the Auditors any material conflicts or disagreements between management and the Auditors regarding financial reporting, accounting practices or policies and to resolve any conflicts or disagreements regarding financial reporting.

**18. Internal Control Over Financial Reporting.** To confer with management and the Auditors regarding the scope, adequacy and effectiveness of internal control over financial reporting including any special audit steps taken in the event of material control deficiencies.

**19. Separate Sessions.** Periodically, to meet in separate sessions with the Auditors, personnel responsible for the internal audit function, and management to discuss any matters that the Committee, the Auditors or management believe should be discussed privately with the Committee.

**20. Correspondence with Regulators.** To consider and review with management, the Auditors, outside counsel, as appropriate, and, in the judgment of the Committee, such special counsel, separate accounting firm and other consultants and advisors as the Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

**21. Complaint Procedures.** To adopt appropriate procedures, when and as required by applicable laws and rules, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

**22. Regulatory and Accounting Initiatives.** To review with counsel, the Auditors and management, as appropriate, any significant regulatory or other legal or accounting initiatives or matters that may have a material impact on the Company's financial statements, compliance programs and policies if, in the judgment of the Committee, such review is necessary or appropriate.

**23. Ethical Compliance.** To review the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and rules, as well as to its Code of Business Conduct and Ethics, as amended from time to time.

**24. Related-Person Transactions.** Unless considered by the disinterested directors on the Board as a whole, to review and approve related-person transactions in accordance with applicable laws and regulations and as may be in accordance with the best interests of the Company and its shareholders.

**25. Investigations.** To investigate any matter brought to the attention of the Committee within the scope of its duties if, in the judgment of the Committee, such investigation is necessary or appropriate.

**26. Proxy Report.** To prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

**27. Annual Charter Review.** To review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

**28. Report to Board.** To report to the Board with respect to material issues that arise regarding the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or such other matters as the Committee deems appropriate from time to time or whenever it shall be called upon to do so.

**29. Annual Committee Evaluation.** To conduct an annual self-evaluation of the performance of the Committee.

**30. General Authority.** To perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

It shall be the responsibility of management to prepare the Company's financial statements and periodic reports and the responsibility of the Auditors to audit those financial statements. These functions shall not be the responsibility of the Committee, nor shall it be the Committee's responsibility to ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP or otherwise comply with applicable laws.

**As revised, December 15, 2021**