

## **AUDIT COMMITTEE CHARTER**

### **Environmental Tectonics Corporation**

The Board of Directors of Environmental Tectonics Corporation (“ETC” or the “Company”) has established an Audit Committee (the “Committee”) with authority, responsibility, and specific duties as described below.

#### ***Purpose***

The Committee assists ETC’s Board of Directors in fulfilling its fiduciary and oversight responsibilities relating to ETC’s financial statements, accounting policies, the adequacy of disclosures, compliance with legal and regulatory requirements, the financial reporting process, the systems of internal accounting and financial controls, and the sufficiency of relevant financial auditing. The Committee also maintains oversight of ETC’s Retirement Savings Plan.

The Committee is responsible for evaluating the quality, independence, and objectivity of the independent auditors and internal auditors. The Committee has the ultimate authority and responsibility to evaluate and appoint the independent auditors, determine their compensation, and, if appropriate, to terminate the independent auditors.

In discharging its oversight role, the Committee is granted the authority to investigate any activity of the Company and its subsidiaries. If the Committee determines that additional expertise is required in order to fulfill its responsibilities, the Committee is empowered to retain and compensate persons or firms as necessary to assist the Committee in fulfilling its responsibility.

In discharging its role, the Committee is performing an oversight function. The Committee members are not full-time employees of ETC and in their capacity as members of the Committee are not, and do not hold themselves out to be, acting as accountants or auditors. It is the responsibility of ETC’s management to prepare ETC’s financial statements and to maintain appropriate systems for accounting and internal control, and it is the responsibility of ETC’s independent auditors to plan and carry out a proper audit.

#### ***Membership***

The Committee shall consist of at least three members who at all times shall be members of the Board of Directors, and a majority of such members shall be independent. For purposes hereof, the term “independent” shall mean an “independent director” as defined by Rule 5605(a)(2) under the Rules of the Nasdaq Stock Market (as such definition may be amended from time to time) without reference to any more stringent definition in the Nasdaq Rules relating to members of the Audit Committee pursuant to Rule 5605(c)(2) or otherwise). The members of the Committee shall be appointed by annual resolution of the Board of Directors, and the members of the Committee shall appoint a Chairperson of the Committee.

#### ***Meetings***

The Committee will meet quarterly, and at least four times each year, with additional meetings as necessary to fulfill its responsibilities.

## *Minutes*

Minutes of each meeting will be prepared and approved by the Committee prior to submission to the full Board. Minutes of all meetings shall be maintained in the Corporate Record Book.

## *Specific Duties*

The following are the principal recurring duties of the Committee:

1. Select, and retain the services of, the Company's independent auditor, and terminate their services when appropriate.
2. Confirm and assure the independence of the independent auditor as required by law and requirements of any other principal securities exchange or market (if any) on which the Company's common stock may be listed or approved for trading from time to time by, among other things, the following:
  - Request from the independent auditors at least annually a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence.
  - As deemed necessary, discuss with the independent auditors any such disclosed relationships and their impact on the auditors' independence, and take any remedial action deemed necessary to satisfy itself of the auditors' independence.
3. Consider, in consultation with the independent auditor, the audit scope and plan of any audit to assure completeness of coverage, reduction of redundant efforts, and the effective use of appropriate resources and expertise.
4. Consider and review with Company management and the independent auditor, the results of annual audits and related comments, including but not limited to the following:
  - Any significant changes required in the independent auditor's audit plans.
  - Significant findings during the year, including the status of previous audit recommendations.
  - Any difficulties encountered in the course of audit work, including any restrictions on the scope of audit activities or access to required information.
  - Any disagreements with management encountered during the course of the audit.
  - Other matters related to the conduct of the audit which are to be communicated to the Committee under Generally Accepted Auditing Standards.

5. Review and discuss with management, the internal auditors, and the independent auditors, collectively or in separate executive sessions, the adequacy and effectiveness of the Company's internal accounting and financial controls, the quality of the financial and accounting personnel, and any relevant recommendations and management's responses thereto.
6. Inquire of Company management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk to the Company.
7. Review with Company Counsel or other legal counsel legal and regulatory matters which may have a material impact on the Company's financial statements, compliance policies and programs.
8. As deemed necessary, inquire of Company management, the independent auditors, and the internal auditors with respect to established standards of corporate conduct and performance.
9. Establish procedures for the confidential and anonymous receipt and treatment of complaints regarding the Company's accounting, internal controls, and audit matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. These activities include procedures under the Company's Code of Conduct, Whistleblower Policy, and other compliance policies now existing or hereafter adopted.
10. Review the interim financial statements with management and the independent auditors, collectively or in separate executive sessions, prior to completing and releasing the Company's Quarterly Report. Also, the Committee shall discuss the results of the quarterly review and any other matters that are required to be communicated to the Committee by the independent auditors in accordance with applicable auditing standards. The Chairman of the Committee may represent the entire Committee for the purposes of this discussion.
11. Review with management and the independent auditors, collectively or in separate executive sessions, the financial statements to be included in the Company's Annual Report, including their judgment about the quality, not just acceptability, of accounting principles, the consistency of accounting policies, unusual transactions, the reasonableness of significant estimates and judgments, the clarity and completeness of the disclosures in the financial statements, and any other matters required by applicable auditing standards.
12. Recommend to the Board of Directors whether the audited financial statements are satisfactory to be included in the Company's Annual Report.
13. Review and evaluate, in consultation with the independent auditor, the financial condition of the Company's 401(k) Retirement Savings Plan.
14. Report periodically to the Board of Directors on significant results of the foregoing activities.
15. Prepare an annual report for inclusion in the Company's annual proxy statement as required by applicable law.
16. At least annually, review and reassess the Committee's charter, and, if appropriate,

recommend changes to the Board.

17. Perform such other duties required to be performed by the Committee pursuant to law, as well as the requirements of any principal securities exchange or market (if any) on which the Company's common stock may be listed or approved for trading from time to time.

18. Perform other duties as the Board of Directors may from time to time assign to it.

Approved by the Board of Directors of Environmental Tectonics Corporation on April 23, 2014.