

Corporate Governance Elements

Ad Astra Rocket Company
A Delaware Corporation

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USA

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(approved by the Board of Directors on November 6, 2018)

Digitally signed by: Franklin Chang Díaz, CEO

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2. Introduction

This document outlines the tenets of Corporate Governance (CG) followed by Ad Astra Rocket Company (Ad Astra) and describes the principles controlling the company's relationship with its Shareholders, Government entities, Board of Directors, Executives, External auditors, its Customers and the community at large. Adherence to these principles ensures ethical behavior in a framework of management discipline and transparency throughout the corporation and in its relationship with society, and is consistent with Ad Astra's stated values and best performance.

3. Ad Astra's Vision

To apply technological innovation to address the needs of humanity

(shorter versions)

Technological innovation at humanity's service

Technological Innovation for Humanity

Innovación tecnológica al servicio de la humanidad

4. Ad Astra's Mission Statement

To transform space transportation and exploration through the development and commercialization of advanced plasma propulsion technologies, and to apply its technological skill-set to the development and implementation of clean energy and transportation applications on Earth.

5. Ad Astra's Corporate Values

Ad Astra Rocket Company shall rest on a solid foundation of human values, including **respect, honesty, truth and honor**. These values are embraced by the company's founders and shall be transmitted through every facet of the company's existence. Ad Astra's founders believe that business prospers in proportion to the trust and confidence of its customers. Ad Astra shall promote the highest standards of **technical excellence, integrity and professionalism** by its employees and contractors and encourage **teamwork and collaboration** at all levels. The company shall promote an environment that inspires and fosters **innovation and creativity** while demanding a **safe and healthy workplace** of all its operations. An important measure of employee performance will be **hard work and dedication**, measured to not unduly infringe on the employee's **family life**, an important factor in the health of the company. In an increasingly polluted world the company shall promote **environmental consciousness at all levels** and adopt sustainable environmental practices. The company shall support **education** at all levels as a source of strength and innovation and engage in motivating the **youth** to develop to their full potential. The company shall fully accept its roles and responsibilities as a member of the **community** and will remain involved to foster prosperity and improve the quality of life of its citizens. Ad Astra's line of business goes far beyond national boundaries to space itself as a new realm of human endeavor. Therefore, to the fullest extent possible, in compliance with US law, the company shall engage in and promote **international collaboration** and support international alliances promoting the peaceful uses of outer space.

6. Ad Astra as a Private and Public Company

In the United States, Ad Astra Rocket Company operates as a private Delaware Corporation under the laws of the State of Texas where it is domiciled. Ad Astra sells shares of the company's stock to accredited investors via private placements in the United States. In 2010, pursuant to Regulation S of the US Securities Act, Ad Astra offered shares of common stock for listing on the *Bolsa Nacional de Valores*, a small public market in Costa Rica where the company's common shares are publicly traded. In compliance with US law, the purchase of Ad Astra's common shares in Costa Rica's public market is only available to Non-US Persons. Because of its participation in the Costa Rican public market, Ad Astra must comply with Costa Rican securities regulation as specified by the *Superintendencia General de Valores (SUGEVAl)*.

7. Board of Directors – Composition and Internal Governance

The Board of Directors shall observe the highest standards of ethics and performance and endeavor to maintain and strengthen the company's culture and values.

7.1. Board Composition

Directors' loyalty should be to the shareholders and the company. A board must not be beholden to the CEO or management. A significant majority of the board should be independent (at two under Costa Rican regulations) under the New York Stock Exchange rules or similar standards. Ad Astra's independent directors shall not be company employees, family members of employees or other board members, and/or material company consultants/contractors. All directors must have high integrity and the appropriate competence to represent the interests of all shareholders in achieving the long-term success of their company. To facilitate engaged and informed oversight of the company and the performance of its management, a subset of directors will have professional

experiences directly related to the company's business. At the same time, however, it is important to recognize that some of the best ideas, insights and contributions can come from directors whose professional experiences are not directly related to the company's business. Directors should be strong and steadfast, independent of mind and willing to challenge constructively but not be divisive or self-serving. Collaboration and collegiality also are critical for a healthy, functioning board.

Directors should be business savvy and have a genuine passion for their company. Directors should have complementary and diverse skill sets, backgrounds and experiences. Diversity along multiple dimensions is critical to a high-functioning board. Director candidates should be drawn from a rigorously diverse pool.

The Ad Astra board shall be large enough to allow for a variety of perspectives, as well as to manage required board processes and small enough to promote an open dialogue among directors. A board size between 7 and 10 is considered ideal.

Ad Astra Directors need to commit sufficient time and energy to their role as directors and be available to attend scheduled meetings and support teleconferences and special activities as required. The Ad Astra board shall have four scheduled meetings per year to coincide approximately with every quarter of the year. One of these meetings (typically in November) will coincide with the company's annual shareholder's meeting.

7.2. Election of directors

Ad Astra Directors are nominated annually by the existing board or by the company major shareholders and are elected by a majority of votes cast by the shareholders "for" and "against/withhold" (i.e., abstentions and non-votes are not counted).

7.3. Director compensation and stock ownership

Ad Astra's directors are equally compensated for board service by the issuance of stock options pursuant to Ad Astra's 2016 Stock Option Plan. If directors receive any additional compensation from the company unrelated to their service as a board member, such activity shall be disclosed and explained.

7.4. Board committee structure and service

Ad Astra shall conduct a thorough and robust orientation program for their new directors, including background on the industry and the competitive landscape in which the company operates, the company's business, its operations, and important legal and regulatory issues, etc. Due to its present small size, Ad Astra maintains two active committees: Audit and Compensation. Other committees shall be added as needed and as the company grows. These committees normally meet bi-annually with additional meetings scheduled in an as needed basis.

7.5. Director tenure and retirement age

The nature and stage of Ad Astra's business requires for the board to retain a great deal of historic and corporate knowledge, so board members are not given term or age limits when they join. It is essential that the company attract and retain strong, experienced and knowledgeable board

members. Ad Astra's board of directors has added four new directors in the last five years and one of its founding directors retired in 2017.

7.6. Director effectiveness

Ad Astra's board shall self-evaluate annually through written anonymous evaluation questionnaires that are filled out, compiled and discussed in an executive session to be held at the first board session of the calendar year.

7.7. Director communication with third parties

Ad Astra shall maintain a robust communication with the company's shareholders. Normally, this communication is coordinated through the company's Global Communications Department and follows previously established channels, such as formal company announcements, press releases, and Material Event Notices, which the CEO approves in consultation with the members of the board. From time to time, or under special circumstances, the company, through its board, may designate certain directors to communicate directly with shareholders, the media and/or the public. Directors should speak with the media about the company only if authorized by the board and in accordance with company policy.

7.8. Setting the agenda

The Chairman of the Board sets the agenda for the board meetings with inputs from the full board. Over the course of the year, the agenda shall include a detailed status report of the business operation and a robust, forward-looking discussion of the company near and long-term strategy, including major issues such as capital commitments and strategic investments. The board shall provide feedback to the CEO on his/her performance and that of top management, as well as encourage discussions on succession planning. Without being risk-averse, the board should be well calibrated on company risks, including reputational risks. Board decisions taken outside of the board meeting require a unanimous written consent signed by all the directors.

8. Public Reporting

Ad Astra shall meet the requirements of public reporting as stated by the Costa Rican regulator, *Superintendencia General de Valores* (SUGEVAl). Generally these requirements are handled electronically through the SUGEVAl's web-based secure system. The company publishes material announcements, allocation reports, un-audited quarterly and audited annual financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") in Ad Astra's Costa Rica web site (accessible only in Costa Rica). The company prospectus for the Costa Rica Stock Exchange is published annually through the SUGEVAl accompanied by a sworn declaration.

9. Management Succession Planning

Ad Astra's Senior Management self-evaluate and are evaluated by the board of directors annually. The smallness of the company (less than 50 employees) implies that board of directors has direct exposure to key employees and can make an informed assessment.

10. Audit Committee

The Ad Astra Audit Committee is chaired by an independent director and operates under the Audit Committee Charter approved by the board of directors.

11. Compensation of Management

To be successful, Ad Astra must attract and retain the best people – and competitive compensation of management is critical in this regard. To this end, the company pays close attention to salary ranges appropriate to the skill and experience level of its employees. In addition, the company offers attractive benefits packages and has established a Stock Incentive Plan to reward outstanding performance by its employees and directors. The Compensation Committee will have at least one independent director. The Committee reviews annually the compensation packages of Ad Astra's top management and key employees.