

**AQUABOUNTY TECHNOLOGIES, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**(Adopted April 15, 2014)**

**Responsibility of the Board**

The primary mission of the Board of Directors (the “Board”) of AquaBounty Technologies, Inc. (the “Company”) is to advance the interests of the Company’s stockholders, while considering the interests of other stakeholders, including employees, customers, and neighbors, through oversight of the management of the Company’s business affairs. The Board believes that this mission is best served by establishing a corporate culture of accountability, responsibility, and ethical behavior through the careful selection and evaluation of senior management and members of the Board and by carrying out the Board’s responsibilities with honesty and integrity.

In discharging their obligations, directors should be entitled to rely on the honesty and integrity of the Company’s senior executives, its auditors, and other outside advisors. Board members are expected to devote the time necessary to appropriately discharge their responsibilities and to rigorously prepare for and, to the extent possible, attend and participate in all Board meetings and meetings of Board committees on which they serve. Each Board member is expected to ensure that other commitments do not materially interfere with the member’s service as a director.

**Director Selection**

***Board Membership Criteria.*** The Nominating and Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and experience required of Board members. This assessment should include factors such as judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate’s experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

***Selection of Director Nominees.*** The Nominating and Corporate Governance Committee will recommend candidates for election to the Board in accordance with the policies and principles in its charter and the criteria described in these Guidelines. An invitation to join the Board should be extended by the Board through the Chairman of the Board.

***Director Orientation and Continuing Education.*** The Company will establish and review periodically an orientation program for new directors that includes presentations by senior management. All directors will also be invited to participate in the orientation program. Periodically, the Company will provide opportunities for directors to visit the Company’s principal facilities in order to provide greater understanding of the Company’s business and operations.

## Board Composition

***Independent Directors.*** The members of the Board who are “independent” will be those who (a) have been determined affirmatively by the Board to have no material relationship with the Company and (b) meet all other standards of independence set forth by the Nasdaq Stock Market (“NASDAQ”) and applicable law. The Board will affirmatively determine annually and at other times required by the NASDAQ listing standards or applicable laws that the directors designated as independent have no material relationships to the Company or its management (either directly or with an organization in which the director is a partner, stockholder, or officer or is financially interested) that may interfere with the exercise of their independence from management and the Company. The Company may avail itself of the exemption provided to “controlled companies” from the requirement under the NASDAQ listing rules that a majority of the members of the Board qualify as independent for such time that the Company qualifies as a “controlled company” under the NASDAQ listing rules, as well as any related phase-in period provided thereunder if the Company ceases to be a “controlled company.”

***Size of the Board.*** It is the sense of the Board that a size of between six and ten is appropriate. The Board determines the number of directors as permitted in the Company’s certificate of incorporation and by-laws and will periodically review the size of the Board based on recommendations of the Nominating and Corporate Governance Committee.

***Chairman.*** The Board will periodically appoint a Chair of the Board. Both independent and non-independent directors are eligible for appointment as the Chair.

***Designation of Lead Independent Director.*** To the extent that the Chair is a non-independent director, the Board will designate a lead independent director to preside at the executive sessions of independent directors.

***Service on Other Boards.*** Directors should advise the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on the board of directors (or similar body) of another company. Additionally, the Chief Executive Officer and other executive officers must seek the approval of the Board before accepting membership on other boards (or similar bodies), including corporate and charitable boards.

***Changes in Professional Responsibility.*** The Board should consider whether a change in an individual’s professional responsibility directly or indirectly impacts that person’s ability to fulfill his or her obligations as a director of the Company. Any director who is an employee of the Company should submit his or her resignation as a director upon retirement, resignation, or termination as an employee of the Company. The Board may accept or reject such resignation in its discretion after consultation with the Nominating and Corporate Governance Committee.

***Term Limits.*** The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, are able to provide an increasing contribution to the Board as a whole.

**Retirement Policy.** The Board does not believe that age alone should determine whether an individual should serve as a director and therefore does not believe that a mandatory retirement age for directors is appropriate.

## **Director Compensation and Performance**

**Compensation Policy and Review.** It is the policy of the Board to provide non-management directors with a mix of compensation, including an annual cash retainer and equity awards. Proposed changes in Board compensation will initially be reviewed by the Compensation Committee, but any changes in the compensation of directors will require the approval of the Board. The Compensation Committee will periodically review the status of Board compensation in relation to comparable companies and other factors the Committee deems appropriate. The Compensation Committee will discuss its review with the Board.

**Annual Performance Review.** At least annually, the Nominating and Corporate Governance Committee will oversee an evaluation of the performance of the Board and the Company's management against these Guidelines. As part of this process, the Board will conduct a self-evaluation to determine whether the Board and its committees are functioning effectively.

## **Board Meetings**

**Schedule.** Board meetings are scheduled in advance and held not less than quarterly. The Board holds special meetings as required.

**Agendas.** The Chairman of the Board, in consultation with the Chief Executive Officer and other members of senior management, will establish the agenda for each Board meeting. Each Board member may submit items to be included on the agenda. Board members may also raise subjects that are not on the agenda at any meeting.

**Distribution of Board Material.** Information that is important to the Board's understanding of the Company's business should be distributed to the directors a reasonable period of time before the Board meeting.

**Strategic Planning.** The Board will hold an annual strategic planning meeting. The timing and agenda of the strategic planning meeting will be determined by the Chairman of the Board and the Chief Executive Officer.

**Executive Sessions of Independent Directors.** The independent directors will hold during each fiscal year regular executive sessions of the independent members of the Board without management or non-independent directors present, at such times and for such purposes as the independent directors consider to be appropriate. For the convenience of the directors, these executive sessions may, but need not, be scheduled to coincide with the dates of regular Board meetings. The independent directors may invite the Company's independent auditors, legal counsel, finance staff, and other employees and any other advisors or persons they deem appropriate to attend all or a portion of these executive sessions.

***Board Presentations and Access to Employees and Advisors.*** Directors will have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisors, including legal counsel and independent auditors. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary or directly by the director. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, provide the Chairman of the Board and the Chief Executive Officer with a copy of any written communications between a director and an officer or employee of, or advisor to, the Company.

The Board encourages senior management to invite to Board meetings officers, other key employees, and independent advisors who can provide additional insight into the matters being discussed, or whom senior management believes should be given exposure to the Board.

***Board Interaction with Investors, Media, and Others.*** The Board believes that senior management speaks for the Company. Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do so with the knowledge of senior management and, in most instances, at the request of senior management.

## **Board Committees**

***Standing Committees.*** The Board will have at all times an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. All of the members of those committees will satisfy the applicable requirements set forth in the NASDAQ listing rules and under applicable law. Pursuant to the NASDAQ listing rules, the Company may avail itself of the exemption provided to "controlled companies" from the requirements that each member of the Compensation Committee and Nominating and Corporate Governance Committee qualify as "independent" for such time that the Company qualifies as a "controlled company" under the NASDAQ listing rules, as well as any related phase-in period provided thereunder if the Company ceases to be a "controlled company." The Board may also from time to time establish additional committees as necessary or appropriate.

Committees will receive authority exclusively through delegation from the Board through the by-laws, Board resolutions, committee charters, or as provided by these Guidelines. All committee actions must be ratified by the Board before becoming effective, unless taken pursuant to an express delegation of authority. In addition to the authority granted hereunder or under each committee's charter or in the case of a committee, by further resolution of the Board, the Board and each standing committee have the authority to retain and compensate independent legal, financial, or other advisors as such committee may deem necessary without consulting or obtaining the approval of the Board or management of the Company.

***Appointment and Term of Service of Committee Members.*** Committee members will be appointed by the Board with consideration of the desires of individual directors. Consideration will be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Committee chairs will be appointed by the Board based on recommendations from the Nominating and Corporate Governance Committee.

***Committee Charters.*** The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee will each have a written charter approved by the Board. The Board will determine whether any other committees will have a charter. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for appointment and removal, structure and operations, and reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. The charters of the Company's most important committees, including the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, will be included on the Company's website and copies of the charters will be made available upon request to the Company's Corporate Secretary.

***Committee Meetings and Committee Agenda.*** Each committee chair, in consultation with the committee members and appropriate officers of the Company, will determine the frequency of committee meetings consistent with the committee's charter, provided that a majority of committee members may call a meeting of the committee on which they are members at any time. Each committee chair, in consultation with the other members of the committee and senior management, will develop the committee's agenda.

## **Management Succession**

***CEO Selection.*** The Board will select a Chief Executive Officer in a manner that is in the best interests of the Company.

***Evaluation and Compensation of Executive Officers.*** The Board will conduct an annual review of the performance of the Chief Executive Officer and the other executive officers of the Company in light of the goals and objectives of the Company. The Board will set executive officer compensation based on such factors set forth in its charter and otherwise as it deems appropriate.

***Succession Planning and Management Development.*** The Nominating and Corporate Governance Committee should, at least annually, make a report to the Board on succession planning. The Company's succession plan will include appropriate contingencies in case the CEO retires, resigns, or is incapacitated. The Board, with the assistance of the Nominating and Corporate Governance Committee, will evaluate potential successors to the Chief Executive Officer. The Chairman of the Board and the Chief Executive Officer should at all times make available their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.