



## **Orthofix Medical Inc. Corporate Governance Guidelines**

The Board of Directors ("Board") of Orthofix Medical Inc. ("Company") has adopted these guidelines to reflect the Company's commitment to good corporate governance, and to comply with Nasdaq Stock Market and applicable legal requirements. In furtherance of these goals, the Board has also adopted a Corporate Code of Conduct and written charters for each of its Audit and Finance Committee, Compensation Committee, Nominating and Governance Committee, and Compliance and Ethics Committee. These guidelines should be interpreted in the context of all applicable listing rules and legal requirements as well as the Company's certificate of incorporation, bylaws and other corporate governance documents. The Nominating and Governance Committee will review these guidelines not less frequently than annually and propose modifications to the Board for consideration as appropriate.

### **Director Responsibilities**

#### ***Basic Responsibilities***

The business affairs of the Company are managed subject to the oversight of the Board, which represents and is accountable to the stockholders of the Company. The Board's responsibilities are active and not passive and include the responsibility to regularly evaluate the strategic direction of the Company, the Company's financial objectives and major corporate plans, risk oversight, management policies, and the effectiveness with which management implements its policies. The Board may delegate areas of its responsibility to the appropriate standing or ad hoc committees of the Board. For those instances for which action is operationally desired between Board meetings, the Board may delegate powers to committees of the Board, as appropriate. Such delegation, if made, will generally apply to a named specific action or to a category of such matters.

#### ***Board and Committee Meetings***

Directors are expected to prepare for, and use reasonable efforts to participate in, all Board meetings and meetings of committees on which they serve. The Board and each committee will meet as frequently as necessary to properly discharge their responsibilities, provided that the Board will hold at least four regularly scheduled meetings per year, in addition to such special meetings as may be called from time to time.

The Chairperson of the Board will prepare the agenda for each Board meeting. While the agenda will initially be set by the Chairperson of the Board, each director is encouraged to suggest items to be included on the agenda and may raise subjects that are not on the agenda at any meeting. The chairperson for a committee will review the committee's actions with the Board at the next regularly scheduled Board meeting after committee action is taken (to the extent that the full Board has not otherwise been made aware of such actions in the interim, including by guest attendance at the applicable committee meeting).

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should, to the extent practicable, be distributed in writing to the directors sufficiently in advance of the meeting to permit meaningful review.

### ***Chairperson of the Board***

The Chairperson of the Board provides leadership to the Board and works with it to define its structure, agenda, and activities in order to fulfill its responsibilities. The Chairperson of the Board works with senior management to help ensure that matters for which management is responsible are appropriately reported to the Board.

In fulfilling his or her responsibilities, the Chairperson of the Board will:

- establish processes to assist the Board in the efficient discharge of its duties;
- organize and present the agenda for regular or special Board meetings based on advice from committee chairpersons, directors and, to the extent appropriate, management;
- establish processes to assist with the proper flow of information to the Board;
- work with the Nominating and Governance Committee to develop processes for appropriately structuring committees and overseeing their function, including assignments of members and committee chairpersons; and
- carry out other duties as requested by the Board as a whole, depending on need and circumstances.

The Board believes that it is prudent at this time for the offices of Chief Executive Officer and Chairperson of the Board to be held by separate individuals, and for the Chairperson of the Board to be an independent director of the Company.

### ***Meetings of Independent Directors***

The independent directors of the Company will meet in executive session without non-independent directors or Company officers no less frequently than twice annually. For purposes of this subsection, "independent director" shall have the meaning ascribed to such term in the Nasdaq Stock Market's Marketplace Rules.

The Chairperson of the Board will preside at executive sessions of independent directors, and in his or her absence, the Chairperson of the Nominating and Governance Committee will preside.

### ***Board Interaction with Institutional Investors, Research Analysts, and Media***

As a general rule, the President and Chief Executive Officer, Chief Financial Officer and Director of Investor Relations will speak to institutional investors, research analysts and members of the media on behalf of the Company. Comments and other statements from the entire Board, if appropriate, will generally be made by the Chairperson of the Board. It is suggested that, under normal circumstances, each director and member of management will refer any inquiry from such third parties to one of the foregoing designated persons.

### ***Communications with Directors***

To facilitate the ability of stockholders to communicate with the Board, the Company shall establish and maintain an electronic mailing address and a physical mailing address to which communications to the Board may be sent.

The Chairperson of the Board shall review all correspondence addressed to the Board. The Chairperson of the Board shall forward or summarize to the Board or individual directors, as the case may be, all correspondence that, in his or her opinion, deals with the functions of the Board or committees thereof, or that he or she otherwise determines requires their attention. Examples of communications that would be logged, but not automatically forwarded or summarized, include solicitations for products and services, or items of a personal nature not relevant to the Company or its stockholders. Directors may at any time review the log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence.

## **Composition and Selection of the Board**

### ***Size of the Board***

The Board will assess its size from time to time to determine whether its size continues to be appropriate.

### ***Term***

Directors are elected to a one-year term. Board terms commence and conclude at the annual meeting of stockholders.

### ***Board Membership Criteria***

- Mix of Independent and Other Directors

The Board will have a majority of directors who satisfy the definition of “independent director” under the Nasdaq Stock Market’s Marketplace Rules.

- Independence

To be considered an “independent director” under the Nasdaq Stock Market’s Marketplace Rules, the Board must affirmatively determine that a director has no relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, a director will not be considered an “independent director” under such rules if such director does not satisfy specific criteria identified in the rules. As further described below, all members of the Audit and Finance Committee, the Compensation Committee, the Nominating and Governance Committee, and the Compliance and Ethics Committee will be independent directors under the criteria for independence required by law and the Nasdaq Stock Market.

- Additional Audit and Finance Committee Qualifications

Directors who serve on the Audit and Finance Committee shall have been determined by the Board to be independent as defined in and to the extent required by Nasdaq Marketplace Rule 5605(a)(2) and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All Audit and Finance Committee members shall be financially literate as contemplated by Nasdaq Marketplace Rule 5605(c)(2)(A)(iv), and at least one member shall be an audit committee financial expert as defined in applicable SEC rules and financially sophisticated as contemplated by the last sentence of Nasdaq Marketplace Rule 5605(c)(2)(A). No member of the Audit and Finance Committee may serve on the audit committees of more than three public companies (including the Company’s) unless the Board specifically determines that such simultaneous service will not impair the ability of such Audit and Finance Committee member to serve on the Audit and Finance Committee.

- Additional Compensation Committee Qualifications

Directors who serve on the Compensation Committee shall have been determined by the Board to (i) meet all applicable independent and other requirements of the Nasdaq Stock Market (including those contained in Nasdaq Marketplace Rule 5605(d)(2)), (ii) be a “non-employee director” within the meaning of rules promulgated under Section 16(b) of the Exchange Act, and (iii) be an “outside director” for purposes of the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended.

- **General Criteria for Nomination to the Board**

Attached to these Corporate Governance Guidelines as Annex A are the general criteria for nomination to the Board that have been adopted by the Board. These general criteria set the traits, abilities and experience that the Board looks for in determining candidates for election to the Board. The Nominating and Governance Committee is responsible for periodically reviewing these criteria and recommending any appropriate changes to the Board for adoption.

- **Nominee Selection Process**

The Nominating and Governance Committee will recommend director nominees to the Board in accordance with the criteria set forth in Annex A, the policies and principles in the Nominating and Governance Committee charter and any other procedures or criteria it may establish from time to time. The Nominating and Governance Committee will review with the same degree of care and consideration all candidates for nomination to the Board submitted by Board members, the Chief Executive Officer, and stockholders. The Nominating and Governance Committee shall periodically review the Company's procedures for stockholder nominations of directors. In furtherance of such stockholder action, the Company shall describe in its proxy statement a means for stockholders to recommend director nominees to the Nominating and Governance Committee. An invitation to join the Board will be extended by the Chairperson of the Board if the nomination is approved by the Board.

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the current size, structure and composition of the Board as a whole, and whether the Company is being well served by continuing directors after taking into account, among other things, such directors' degree of independence, business background, including any areas of particular expertise such as accounting (or related financial management), marketing, technology, or industry expertise, and record of service (for incumbent directors), including attendance record, meeting preparation, and overall contribution to the Board.

### ***Membership on Other Boards and Significant Financial Interests in Other Businesses***

No director may serve on the board of directors of more than three public companies in addition to the Company's board. In addition, no director who serves as the chief executive officer of another public company may serve on the board of more than one public company in addition to the company where he or she serves as chief executive officer and the Company's board. Any individual exception to the foregoing limits must be approved by the Nominating and Governance Committee upon a finding by such committee that the applicable director's total professional time commitments are not expected to impair his or her ability to devote sufficient time to Company board service. Directors must inform the Chairperson of the Board and the chairperson of the Nominating and Governance Committee in advance of accepting an invitation to serve on another company's board. In addition, no director may sit on the board of, or beneficially own a material financial interest in, any business that is a material competitor of the Company, without approval by the Nominating and Governance Committee. The Nominating and Governance Committee shall review any applicable facts and circumstances relating to any such potential conflict of interest and determine in its reasonable discretion whether a conflict exists. Furthermore, it is the Company's policy that the Company should not hire a director or a director's firm to provide professional services to the Company.

### ***Ownership of Company Securities***

Each executive officer and director is encouraged to have a personal investment in the Company through such person's ownership of Company securities. The Board has implemented Stock Ownership Guidelines for the purpose of attempting to align the long-term interests of directors, executive officers and senior-level employees with that of the stockholders of the Company. The Compensation Committee

is responsible for administering the Stock Ownership Guidelines and monitoring the equity interest holdings of persons subject to them.

### ***Hedging Transactions***

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a person to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, such person may no longer have the same objectives as the Company's other stockholders. Therefore, executive officers and directors officers of the Company are prohibited from engaging in any such transactions.

### ***Margin Accounts and Pledged Securities***

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Company securities, executive officers and directors of the Company are prohibited from holding Company securities in a margin account or otherwise pledging Company shares as collateral for a loan.

### ***Changes in Current Job Responsibility***

Directors, including employee directors, who retire from or change their principal occupation or the principal responsibility they held when they were elected or appointed to the Board shall, if requested by the Nominating and Governance Committee, submit their resignation from the Board in order to give the Board an opportunity, through the Nominating and Governance Committee, to review whether it is appropriate for such director to continue to be a member of the Board under the circumstances.

### ***Term Limits and Mandatory Retirement***

The Board has not established any term limits to an individual's membership on the Board or established a mandatory retirement age for directors. While term limits and mandatory retirement ages could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of causing the loss to the Company of 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, provide an increasing contribution to the Board as a whole. The Nominating and Governance Committee will, as part of its annual assessment of the composition of the Board, review a director's continuation on the Board.

## **Board Committees**

### ***Composition and Responsibilities***

The Board will have at all times an Audit and Finance Committee, a Compensation Committee, a Nominating and Governance Committee, and a Compliance and Ethics Committee, and any other standing or ad hoc committees the Board deems appropriate. All of the members of the Audit and Finance Committee, the Compensation Committee, the Nominating and Governance Committee, and the Compliance and Ethics Committee will be independent directors under the criteria for independence required by law and the Nasdaq Stock Market. The members of the Audit and Finance Committee, the Compensation Committee, the Nominating and Governance Committee, and the Compliance and Ethics Committee will be appointed by the Board based on each committee's member qualification standards. The Board will appoint the chairperson of each committee upon the recommendation of the Nominating and Governance Committee (which recommendation shall follow consultation with, and input from, the Chairperson of the Board).

The Nominating and Governance Committee, with input from the Chairperson of the Board, will annually review committee assignments and will consider recommending to the Board the rotation of committee chairpersons and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

### ***Charters***

The Board will adopt charters setting forth the purposes, goals and responsibilities of each of the Audit and Finance Committee, the Compensation Committee, the Nominating and Governance Committee, and the Compliance and Ethics Committee, and any other committees the Board deems appropriate.

### ***Committee Agendas***

The chairperson of each committee shall develop and set the committee's agenda, in consultation with other members of the committee, the Board, and appropriate members of management.

### **Director Access to Officers, Employees and Independent Advisors**

#### ***Access to Management and Employees***

In discharging its oversight role, the Board and its committees will have direct access to management and employees on an "as needed" basis. From time to time, key executive officers and other personnel are invited to attend meetings and make presentations to the Board. All non-directors attending Board meetings may be excused by the Chairperson of the Board for certain portions of the meetings.

#### ***Access to Independent Advisors***

The Board and each committee have the power to hire independent legal, financial, or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The Company will provide sufficient funding to the Board and to each committee, as determined by the Board and each of its committees, to exercise their functions and provide compensation for the services of their advisors and, in the case of the Audit and Finance Committee, independent auditors.

#### ***Internal Reporting***

The Audit and Finance Committee will encourage submission, and establish procedures for the confidential treatment by the appropriate officers, under the supervision of the Audit and Finance Committee, of complaints and concerns by officers and employees regarding accounting and auditing matters. Reports regarding alleged violations of the Company's Corporate Code of Conduct or other Company compliance policies or law shall be within the purview of the Compliance and Ethics Committee.

Senior executives of the Company are encouraged to initiate direct contact with the chairperson of the Audit and Finance Committee or Compliance and Ethics Committee, as applicable, if they believe that there is a matter that should be brought to the attention of either such committee or the Board.

### **Director Orientation and Continuing Education**

All new directors will participate in orientation and continuing education programs. The orientation program will be designed to acquaint each new director with his or her duties as a director of the Company and the Company's business and industry. The program may include presentations designed to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Corporate Code of Conduct, its principal officers, its internal control procedures and its independent public accountants. Each new director will be provided access to the following materials as soon as practicable after he or she is elected or appointed:

- these Corporate Governance Guidelines;
- the Corporate Code of Conduct;
- the Company's most recent annual report on Form 10-K and proxy statement;
- the Company's quarterly reports on Form 10-Q for the current year;
- any recent Board presentations and/or distributions; and
- the Company's press releases and current reports on Form 8-K for the current year.

Directors are expected to become and remain familiar with the important product, market, and operational characteristics of the Company's businesses. To further this objective, all new directors will be provided with written and/or in-person briefings by members of management of the Company and/or outside advisors regarding the Company's history, current operations, and future strategic plans.

Directors are encouraged to participate in non-management director education programs at the Company's expense.

### **Director Compensation**

The Compensation Committee will periodically review and recommend, subject to Board approval, the form and amount of director compensation in accordance with corporate policies and principles relevant to director compensation. It is the Company's policy that a significant portion of director compensation shall be in the form of equity-based awards. Directors who are employees of the Company receive no additional compensation for serving as directors.

### **Management Succession**

The Nominating and Governance Committee shall review at least annually with the Chairperson of the Board and the Chief Executive Officer of the Company the succession plans relating to senior management positions. The Nominating and Governance Committee shall also assist the Board and the Chief Executive Officer in developing and evaluating potential executive candidates as appropriate.

### **Annual Self-Evaluation**

The Nominating and Governance Committee, on behalf of the Board, will oversee an annual self-evaluation of the Board and each committee.

### **Director Insurance and Indemnification**

The Company intends to, and the directors and certain executive officers will be entitled to have the Company, purchase reasonable directors' and officers' liability insurance on behalf of the directors and such officers. In addition, directors and executive officers will receive the benefits of indemnification provided by the Company's bylaws and, as applicable, indemnification agreements.

*Last revised on September 6, 2018.*

## **ANNEX A**

### General Criteria for Nomination to the Board of Directors of Orthofix Medical Inc.

1. Directors should be individuals who exhibit high standards of ethics, integrity, commitment, and accountability.
2. The Board should be composed of directors who collectively encompass a diversity and range of talent, skills, background, experience and expertise, including with respect to finance, research and development, commercialization, sales, distribution, leadership, technologies and industry knowledge.
3. A majority of Board members should be independent directors as defined by the Nasdaq Stock Market's Marketplace Rules.
4. Each director should be free of significant business interests in, or relationships with, material competitors of the Company.