

**BIOSPECIFICS TECHNOLOGIES CORP.  
CORPORATE GOVERNANCE GUIDELINES**

**Adopted December 3, 2009 and as amended through October 21, 2019**

**I. PURPOSE**

The Board of Directors (the “Board”) of BioSpecifics Technologies Corp. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its duties and responsibilities. The Board may, from time to time, in its discretion, but consistent with its duties and responsibilities to the Company and its stockholders and applicable rules and regulations, modify or make exceptions to the Guidelines.

**II. ROLE OF THE BOARD**

The Board, which is elected by the stockholders, is the ultimate decision making body of the Company except with respect to those matters reserved to the stockholders. The Board selects the Chief Executive Officer (the “CEO”) and approves the remainder of the senior management team, which is charged with the conduct of the Company’s business. The Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

**III. BOARD COMPOSITION AND STRUCTURE**

*Size.* The Company’s Amended and Restated By-Laws (the “By-Laws”) provide that the number of directors shall be fixed by resolution of the Board. The Board will periodically review its appropriate size for effective operation and will, in accordance with the Company’s Bylaws, adjust the number.

*Majority of Independent Directors.* The Board is composed of a majority of independent directors who meet the criteria for independence established by the listing rules of The Nasdaq Stock Market, Inc. (the “Nasdaq Rules”). Each director has an affirmative obligation to inform the Board of any material changes in his or her circumstances or relationships that may affect his or her designation by the Board as an “independent director.”

Because it is not possible to anticipate or explicitly provide for all potential situations that may affect independence, the Board will periodically review each director’s status as an independent director and whether any independent director has any other relationship that, in the judgment of the Board, would interfere with the director’s exercise of independent judgment in carrying out such director’s responsibilities as a director. The Board will make an annual determination whether each director is “independent” under the applicable Nasdaq Rules.

*Director Qualifications.* The Nominating and Corporate Governance Committee is responsible for soliciting and receiving recommendations and reviewing the qualifications of potential director candidates in accordance with its charter. The consideration of a candidate as a director will be based on the Nominating and Corporate Governance Committee’s assessment of the individual’s background, skills and abilities, and whether such characteristics qualify the individual to fulfill the needs of the Board at that time. The Board should monitor the mix of skills and experience of its directors in order to assure that the Board has the necessary tools to

perform its oversight function effectively. The Nominating and Corporate Governance Committee is also responsible for considering stockholder proposals with respect to director nominations.

***Additional Directorships.*** Serving on the Board requires significant time and attention. Directors must spend the time needed and meet as often as necessary to properly discharge their responsibilities. Each Board member is expected to be committed to serve on the Board and, accordingly, is expected to ensure that his or her existing or future commitments do not interfere with such service. In this respect, the Company limits the number of additional directorships that a director may hold. Directors are not permitted to serve on the boards of more than four other public companies in addition to the Board; provided that any director who is employed as a chief executive officer of a public company is not permitted to serve on the boards of more than two other public companies in addition to the Board. Notwithstanding the foregoing, the Board may grant a temporary exception (not to exceed one year) in order to allow a director to reduce his or her commitments at boards of other public companies.

Furthermore, a director should advise the Chairperson in advance of accepting an invitation to serve on another public or private company board, in order to confirm that no actual or potential conflict exists.

***Director Elections.*** The Board is composed of three classes of directors, which are required by our Certificate of Incorporation to be as near to equal in size as possible. Directors serve for three-year terms with one class of director being elected by the stockholders at each annual meeting. Between annual stockholder meetings, the Board may elect directors and designate the class to which they will belong. Stockholders may propose nominees for election as directors at any annual meeting by timely submitting the names and supporting information to the Company's Secretary in accordance with the Company's By-Laws.

***Director Orientation and Continuing Education.*** The Company's management is expected to provide new directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. In addition, Board members, both continuing and new, are encouraged to participate in continuing education programs, which may include a mix of in-house and third-party presentations and programs, as well as accredited director education programs. The Company will, from time to time, make such continuing education opportunities available to directors.

#### ***Board Leadership.***

The roles of CEO and Chairperson are separate and held by different Board members. The directors elect the Chairperson. The Chairperson shall develop a solid knowledge of the Company, its business, its operating environment, and the elements of effective corporate governance. The Chairperson is responsible for, among other matters: (i) setting the agenda for and leading executive sessions of the independent directors; (ii) briefing the CEO on issues arising in the executive sessions; (iii) coordinating and developing the agenda for meetings of the Board, in collaboration with the CEO; (iv) convening meetings of the independent directors as necessary or appropriate; and (v) if requested and appropriate, being available for consultation

with major stockholders. The Board is responsible for establishing and maintaining a description of the roles and responsibilities of the Chairperson and may modify the same as necessary.

#### **IV. BOARD MEMBERSHIP CRITERIA**

*Membership Criteria.* The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, in accordance with its Charter, the appropriate qualities, skills and characteristics desired of nominees for Board members. The Board, as a whole, should collectively possess a broad range of skills, expertise, industry and other knowledge and business and other experience useful to the effective oversight of the Company's business. In determining whether to recommend a director for reelection, the Nominating and Corporate Governance Committee also considers a director's past attendance at meetings and participation in and contributions to the activities of the Board and committees of the Board on which the director served.

*Diversity.* The Nominating and Corporate Governance Committee values diversity among the Board's membership as an important means to ensure its quality and oversight capabilities. Accordingly, the Committee actively seeks candidates for the Board that embody diversity in skills, abilities, industry knowledge, experience, gender, race and ethnicity, as well as such other factors considered useful by the Board depending on its needs at that time.

#### **V. SELECTION OF NEW DIRECTOR CANDIDATES**

In connection with its proxy solicitation relating to the Company's annual stockholders' meeting, the Board recommends a slate of nominees for election by stockholders. In addition, the Board fills vacancies on the Board when necessary or appropriate. The Board's recommendations or determinations are made after consideration of the recommendations of, and information supplied by, the Nominating and Corporate Governance Committee as to the suitability of each individual, taking into account the criteria described above and other factors, including the requirements for Board committee membership. Once candidates have been identified, the Nominating and Corporate Governance Committee will confirm that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee will recommend those candidates that the Nominating and Corporate Governance Committee believes meet the criteria for the Board's approval as director nominees for election to the Board. The Nominating and Corporate Governance Committee also recommends candidates for the Board's appointment to the committees of the Board.

#### **VI. BOARD MEETINGS AND PROCEDURES**

*Number of Meetings, Attendance and Preparation.* The Board holds a minimum of four regularly scheduled meetings per year. Directors are expected to attend all regularly scheduled meetings and to have, prior to the meetings, reviewed all written meeting materials distributed to them in advance. Although attendance in person is preferred, the Company does permit attendance by teleconference, if necessary.

***Agenda Items.*** An agenda for each Board meeting, along with information and data that is important to the Board's understanding of the business to be conducted at the Board meeting, is distributed to the directors in advance of the meeting, so that Board meeting time may be focused on consideration and discussion of the materials. Certain matters may be discussed at the meeting without advance distribution of written materials, as appropriate. Directors may suggest that particular items be placed on the agenda.

***Attendance of Non-Directors.*** The Board welcomes the attendance of senior officers at each Board meeting. Where appropriate, other persons may be invited to attend Board meetings.

***Executive Sessions of Independent Directors.*** The independent directors shall meet regularly in executive session, without any management directors and any other members of the Company's management (without limiting the ability of the independent directors to invite members of management to address issues or otherwise respond to questions that the independent directors may have) who may otherwise be present, to consider matters as they may deem appropriate. The independent directors may meet in executive session at any time to consider issues that they deem important to address without management present. The Chairperson leads executive sessions of the Board or the Board may appoint a presiding independent director to conduct these meetings.

***Access to Senior Managers and Independent Advisors.*** Board members have complete and open access to senior members of management and, as appropriate, employees of the Company. Any meetings or contacts that a director desires to initiate may be arranged through any Company officer. The Board and each committee may, at any time, obtain advice, reports or opinions from internal and external counsel and expert advisors, and have the authority to hire independent legal, financial and other advisors as they may deem necessary, at the Company's expense, without consulting with, or obtaining approval from, any officer of the Company in advance.

***Confidentiality.*** The proceedings and deliberations of the Board and its committees are confidential. Each director is required to maintain the confidentiality of information received in connection with his or her service as a director.

## **VII. OPERATION OF THE BOARD**

***Oversight.*** To accomplish its mission to maximize long-term stockholder value, the Board will:

- Ensure that the Company operates in a legal, ethical and socially responsible manner;
- Select, evaluate and offer substantive advice and counsel to the CEO and work with the CEO to develop effective measurement systems;
- Review, approve and monitor fundamental financial and business strategies and major corporate actions;
- Oversee the Company's capital structure and financial policies and practices;

- Assess major risks facing the Company and review options for their mitigation; and
- Provide counsel and oversight on the selection, evaluation, development and compensation of executive officers and provide critical and candid feedback on their successes and failures.

***Corporate Governance Guidelines.*** The Board will review and, if it deems appropriate, approve changes to these Guidelines, including changes that have been recommended to the Board by the Nominating and Corporate Governance Committee.

***Charters.*** The Board will review and, if it deems appropriate, approve changes to the Company's Audit, Nominating and Corporate Governance, and Compensation Committee charters that have been recommended to the Board by such committees.

***Assessing Board and Committee Performance.*** The Board will conduct an annual self-evaluation of its performance and an evaluation of each of the Board committees' performance to determine whether it and its committees are functioning effectively. The Board's evaluation is based, in part, on the self-evaluation conducted by each of the committees. The Chairperson is responsible for coordinating and overseeing the annual Board evaluation process in accordance with the charter and principles of that committee.

***Assessing Management Performance.*** The Board believes that the CEO's performance should be evaluated annually and as a regular part of any decision with respect to CEO compensation. The Compensation Committee conducts and reviews with the Board an annual evaluation of the performance of all executive officers. This review is used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO and senior management. The CEO performance evaluations are also reviewed by the Board to ensure that the CEO is providing effective leadership for the Company.

***Management Succession Planning.*** The Board has the primary responsibility for plans for succession to the position of CEO and oversight of development of the executive team generally. In this context, the Compensation Committee will assist the Board on an ongoing basis in assuring that the Company maintains, regularly reviews and periodically (as the Board determines to be appropriate) updates a succession plan for its CEO and other senior executives, including an emergency succession plan for the CEO.

***Director Responsibilities.*** The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility, the directors rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors. Each director is expected to attend the annual meeting of stockholders.

***Ethics and Conflicts of Interest.*** The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the Company's Code of Business Conduct and Ethics (the "Code"). As part of their adherence to the Code, all material transactions between the Company and its officers, directors and other affiliates must be (i) approved by a majority of the members of the Board and by a majority of the disinterested

members of the Board, and (ii) on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

***Board Interactions with Outside Interested Parties.*** The Board believes that management speaks for the Company. However, individual Board members may, from time to time, meet or otherwise communicate with third parties or various constituencies that are involved with the Company. It is expected that Board members do so with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

## **VIII. BOARD COMPENSATION**

The form and amount of non-employee director compensation is determined by a majority of directors. It is appropriate for the Compensation Committee to report from time to time to the Board on the status of Board compensation in relation to other comparable U.S. companies. Directors who also are employed by the Company will not be paid for Board membership in addition to their regular employee compensation.

## **IX. BOARD COMMITTEES**

***Number of Committees.*** The Company currently has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. There will be, from time to time, occasions on which the Board may form a new committee or disband a current committee depending upon the circumstances and as it deems necessary and appropriate. Such committees need not have a formal charter, but may operate with the authority and powers specifically delegated to them by the Board for as long as the Board determines such committee to be necessary or appropriate. Such additional committees need not have a chairperson, unless so required by the Board in creating such additional committee.

***Committee Composition.*** The Audit, Compensation, Nominating and Corporate Governance Committees shall be composed entirely of independent directors under the applicable criteria for independence established by the Nasdaq Rules and, in the case of the Audit Committee, the requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The members of these committees also meet the other membership criteria specified in the respective charters for these committees, reflecting applicable standards for member independence. Committee members and committee chairpersons are appointed by the Board. The Board periodically considers the composition of its committees, but the Board does not believe that a formal policy of rotation is appropriate.

Each committee has the authority to engage outside experts, advisors and counsel to the extent it considers appropriate to assist the committee in its work.

***Committee Charters.*** Each committee has its own charter, which shall set forth the purposes, goals and responsibilities of the committees, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The Board shall, from time to time as it deem appropriate, review and reassess the adequacy of each charter and make appropriate changes.

***Committee Meetings and Agendas.*** The committee Chairperson will determine the frequency and length of the committee meetings and develop the committee's agenda. The agendas and meeting minutes of the committees will be shared with the full Board.

***Board Oversight and Committee Reports.*** The Board is responsible for overseeing the activities of each committee and ensuring that the committees are fulfilling their duties and responsibilities. The chairperson of each committee, or a member of the committee designated by the members of the committee in the absence of a chairperson for such committee, regularly reports to the Board on the activities of his or her committee, including any recommended changes to the committee's charter or delegation of authority. Each committee also presents to the Board for consideration those matters which it determines to be of special interest. The Board takes such action as it deems necessary in response to the committee reports and recommendations.

## **X. Recoupment Policy**

If the Board determines in its sole discretion that the Company's financial results are restated, whether in part or in their entirety, due to misconduct by one or more of the Company's Key Employees (as defined below), the directors shall have the discretion to use their commercially reasonable best efforts to remedy the misconduct and prevent its recurrence. The directors may determine, to the fullest extent permitted by law, to (i) recoup any bonus or other incentive based compensation that has been paid, (ii) cancel any equity-based awards made, and/or (iii) recoup any gains made under equity-based awards made, to any Key Employees engaged in such misconduct. The directors may determine, to the fullest extent permitted by law, to take any of the actions described in clauses (i) – (iii) above with respect to any Key Employee, whether or not such executive officer is responsible, in whole or in part, for the misconduct which gave rise to such restatement, in the three years preceding the restatement if (a) the bonus or incentive compensation to be recouped was calculated based upon the financial results that were misstated and (b) the bonus or incentive compensation calculated under the restated financials results is less than the amount actually paid or awarded. The amount of any such recoupment will be equal to the difference between the amount actually paid or awarded and the amount that the executive officer would have been paid or awarded under the restated financial statements. In the event that a Key Employee or former Key Employee is determined by the directors to have violated a non-competition agreement with the Company, the directors may determine, to the fullest extent permitted by law, to take any of the actions described in clauses (i) – (iii) above with respect to any bonus or incentive compensation paid or awarded to such Key Employee or former Key Employee in the three years preceding such conduct. Compensation and similar agreements between the Key Employees and the Company may expressly reference this policy or its terms, but the directors' discretion as provided in this policy shall extend to all compensation arrangements with Key Employees whether expressly included in compensation or other agreements or otherwise.

The directors may take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities in determining the appropriate response to the actions described above. For purposes of this guideline, "Key Employees" means the Company's executive officers as determined by the Company for purposes of Section 16 of the Exchange Act and such other officers as the Board may designate from time to time.