

UFP Technologies, Inc.
Corporate Governance Guidelines
Adopted March 14, 2023

1. INTRODUCTION

The Board of Directors (the “Board”) of UFP Technologies, Inc. (the “Company”) has adopted these guidelines as a general framework to assist the Board in carrying out its responsibilities. These guidelines, together with the certificate of incorporation, bylaws and charters of the committees of the Board, form the framework for governance of the Company. These guidelines are not intended as binding legal obligations or inflexible requirements and are not intended to interpret applicable laws and regulations, or to modify the Company’s certificate of incorporation or bylaws, or the charters of the committees of the Board.

2. ROLE OF THE BOARD

The Board, on behalf of the Company and its stockholders, oversees and provides general direction to the management of the Company. The Company’s senior officers, under the direction of the Chief Executive Officer, are responsible for the operations of the Company, implementation of the strategic, financial, and management policies of the Company, preparation of financial statements and other reports that accurately reflect requisite information about the Company, and timely reports which inform the Board about the foregoing matters.

3. BOARD COMPOSITION

A. Size of the Board

The Board, with the assistance of its Nominating Committee, periodically reviews the appropriate size of the Board and how many directors shall stand for election each year.

B. Independent Directors

At least a majority of the directors serving on the Board will meet the standards of director independence set forth in the applicable Nasdaq listing standards as the same may be amended from time to time (the “listing standards”), as well as other factors not inconsistent with the listing standards that the Board considers appropriate for effective oversight and decision making by the Board.

C. Affirmative Determination of Independence

The Board will affirmatively determine annually, and at other times required by the applicable listing standards, that the directors designated as independent by it have no material relationships to the Company (either directly or through an organization in which the director is a partner, stockholder or officer or otherwise financially interested) that may interfere with the exercise of their independence from management and the Company.

D. Management Directors

The Board may appoint or nominate to serve on the Board members of the Company’s management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.

E. Selection of Board Members

The Company's shareholders elect a specified number of Board members annually, except for Board action to fill vacancies. The Nominating Committee is responsible for recommending to the Board director candidates for nomination and election and may rely on input provided by a number of sources, including the Nominating Committee members, the Company's other directors or officers, the Company's shareholders, and third parties such as professional search firms. In making its recommendations to the Board, the Nominating Committee annually reviews the applicable skills and characteristics required of Board nominees in the context of current Board and committee composition, and Company circumstances. A shareholder wishing to formally nominate a candidate for election to the Board must do so by following the procedures set forth in the Company's bylaws.

F. Length of Board Service

The Board and the Nominating Committee may review the length of service of the Board's members when a director is eligible to be re-nominated for Board membership, including an assessment of individual director performance, number of other public and private company Boards on which the individual serves, composition of the Board at that time, and other relevant factors. The Board generally believes that directors should not stand for re-election after reaching the age of 75.

G. Diversity, Equity and Inclusion

The Board and Nominating Committee are committed to a diverse, equitable and inclusive environment where all members feel respected and valued. Expanding the diversity of the Board is considered by the Nominating Committee as it monitors the skillsets required to maintain an effective Board that supports the Company's vision and strategy.

H. Chairman and Lead Independent Director

The Company separates the role of Chief Executive Officer from the leadership of the Board in recognition of the different roles of each position and to foster independent leadership of the Board. When the individual serving as Chairman of the Board is an executive officer, the independent directors will designate a Lead Independent Director from among the independent members of the Board to lead the Board. In such position, the Lead Independent Director will chair and preside over meetings of the independent members of the Board during their executive sessions held at each Board meeting.

I. Board Compensation

The Board, through its Compensation Committee, will review or request outside consultants to review, appropriate compensation policies or changes in compensation policies for the directors serving on the Board and its committees. This review may consider the Board compensation practices of other comparable public companies, contributions of the directors to Board functions, time commitments expected for Board and committee service, and other appropriate factors.

4. BOARD MEETINGS

A. Scheduling of Full Board Meetings

The Board will generally hold at least four regularly scheduled meetings per year and will hold additional special meetings as necessary. Each director is also encouraged to attend the Company's annual meeting of shareholders.

B. Meetings of Independent Directors

The independent directors will meet in executive session without members of management present, at such times and for such purposes as the independent directors consider to be appropriate. For the convenience of the directors, these meetings may, but need not, be scheduled to coincide with the dates of regular Board meetings. The independent directors may invite the Company's officers, employees, and professional advisers to attend portions of these meetings.

C. Agenda

The Chairman of the Board and/or Lead Independent Director, as applicable, working with management, will have primary responsibility for establishing the agenda for each meeting and arranging for the agenda to be sent in advance of the meeting to the directors. Each committee of the Board, and each individual director, is encouraged to suggest items for inclusion on the agenda.

D. Access to Employees and Independent Advisors

The Company's management will afford each director access to the Company's officers, employees, and professional advisers for any purpose reasonably related to the Board's responsibilities.

E. Independent Inquiries and Advisors

The Board is authorized to conduct investigations, and to retain, at the expense of the Company, independent legal, accounting, investment banking, or other professional advisers selected by the Board, for any matters relating to the purpose or responsibilities of the Board.

5. COMMITTEES OF THE BOARD

A. Committees

The standing committees of the Board are the Audit Committee, the Compensation Committee and the Nominating Committee. The Board may from time to time establish additional committees.

B. Committee Member Selection

The Board will designate the members and the chairperson of each committee. Each member of the Audit Committee, the Compensation Committee and the Nominating Committee will be independent as defined in the listing standards and applicable laws and regulations.

C. Committee Functions

Each standing committee of the Board will have a written charter approved by the Board in compliance with the listing standards and applicable laws and regulations. The number and content of committee meetings and means of carrying out committee responsibilities will be determined by each committee in light of the committee's charter, if applicable, the authority delegated by the Board to the committee, and legal, regulatory, accounting or governance principles applicable to that committee's function. The Company will afford access to the Company's officers, employees, professional advisers, and other resources, as necessary, to enable committee members to carry out their responsibilities.

6. BOARD MEMBER RESPONSIBILITIES

A. Director Responsibilities

- a) Generally. A director is expected to discharge his or her director duties, including duties as a member of a committee on which the director serves, in good faith and in a manner the director reasonably believes to be in the best interests of the Company. Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.
- b) Disclose Relationships. Each director is required to promptly update the Nominating Committee of any material change to the director's employment status or the acceptance of a position as an executive officer or director of any public or private company. Each independent director is further expected to disclose promptly to the Board any existing or proposed relationships with the Company (other than service as a Board member or on committees of the Board) that could affect the independence of the director under the listing standards or any additional standards as may be established by the Board of directors from time to time. An independent director who ceases to qualify as such after election to the Board will be required to tender a resignation as a director promptly to the Nominating Committee. The Nominating Committee will consider the tendered resignation and recommend to the Board whether to accept or reject the resignation, taking into consideration the effect of such change on the interests of the Company.
- c) Attendance. Board members are expected to devote sufficient time and attention to prepare for, attend and participate in Board meetings and meetings of the committees on which they serve, including advance review of meeting materials that may be circulated prior to each meeting.
- d) Reliance on Information. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports or other information provided by Company management, the Company's independent registered public accounting firm, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.
- e) Service on Outside Boards. Directors who serve as chief executive officers, named executive officers or in equivalent positions should generally not serve on more than two boards of public companies (including their own board), and other directors should not serve on more than four boards of public companies.

B. Review of Governance Guidelines

The guidelines memorialized herein have developed over a period of years. The Board expects to review these guidelines periodically, generally no more than once a year, as appropriate.

C. Succession Planning

The Board is responsible for overseeing CEO succession planning and approving and maintaining a succession plan for the chief executive officer and other key senior officers.

7. MANAGEMENT RESPONSIBILITY

A. FINANCIAL REPORTING AND LEGAL COMPLIANCE.

The Board's governance and oversight functions do not relieve the primary responsibilities of the Company's management for:

- a) preparing financial statements that accurately and fairly present the Company's financial results and condition, and
- b) maintaining systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

B. CORPORATE COMMUNICATIONS

Executive management has the primary responsibility to establish policies concerning the Company's communications with investors, the press, customers, suppliers and employees.

8. STOCK OWNERSHIP BY OFFICERS AND DIRECTORS

A. Purpose

The Board believes that significant stock ownership by Board members and members of senior management, designated by the Nominating Committee from time to time, further aligns their interests with the interests of the Company's stockholders.

B. Ownership Goal

Accordingly, the Board has established a goal that (i) within five years after joining the Board or five years from the date of adoption of these guidelines, whichever is later, each non-employee Board member beneficially own Company stock valued at three times his or her annual base cash retainer fee, (ii) within five years after being appointed to his or her position or five years from the date of adoption of these guidelines, whichever is later, the Chief Executive Officer beneficially own Company stock valued at three times his or her base salary and (iii) within five years after being appointed to his or her position or five years from the date of adoption of these guidelines, whichever is later, the other named executive officers (as set forth in the Company's annual proxy statement) beneficially own Company stock valued at one times his or her base salary .

C. Measurement

For purposes of meeting this ownership goal, unvested stock unit awards, restricted stock and restricted stock units, and unvested and unexercised stock options having an option exercise price below the market price of the underlying Company stock, will be counted. Such stock options will be valued at their intrinsic value (the market price of the underlying stock less the exercise price).

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