

**ZYNERBA PHARMACEUTICALS, INC.
CORPORATE GOVERNANCE GUIDELINES**

Effective August 5, 2015

I. INTRODUCTION

The Board of Directors has adopted these Corporate Governance Guidelines as a general framework to assist the Board in carrying out its oversight responsibilities and to serve the best interests of the Company and its stockholders. The Guidelines should be applied in a manner consistent with applicable legal, regulatory and ethical requirements for effective corporate governance and in accordance with the listing rules of The NASDAQ Stock Market LLC, the Company's Sixth Amended and Restated Articles of Incorporation (Charter), the Company's Amended and Restated Bylaws and the charters of the Committees of the Board (Committees), each as may be amended or restated from time to time. These Guidelines are intended to serve a flexible framework for the conduct of the Board's business, and are not intended to interpret applicable laws or regulations or limit the duties or protections afforded under applicable laws or regulations.

II. ROLE OF THE BOARD OF DIRECTORS

Fiduciary Duties of the Directors

The members of the Board are elected by the stockholders of the Company to oversee, and provide strategic guidance to, senior management of the Company. As a director, each Board member stands in a fiduciary relationship to the Company and its stockholders. As such, each director is required to perform his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the Company and its stockholders, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.

Primary Responsibilities of the Board.

The business and affairs of the Company are managed by or under the direction of the Board, acting on behalf of the stockholders. The Board has delegated to the officers of the Company the authority and responsibility for managing the Company's everyday affairs. The Board has an oversight role and is not expected to perform or duplicate the tasks of the Chief Executive Officer (CEO) or senior management. The Board may delegate its responsibilities to the Committees.

Reliance on Management and Advisors

The members of the Board are entitled to rely in good faith upon the information, opinions, reports or statements presented by the Company's senior executives and any outside advisors, auditors and legal counsel selected by the Board with reasonable care, except to the extent that any such person's integrity, honesty or competence is in doubt.

Legal and Ethical Conduct

The Board is committed to legal and ethical conduct in fulfilling its responsibilities. The Board expects all directors, as well as officers and employees of the Company, to adhere to the Company's Code of Business Conduct and Ethics.

III. BOARD COMPOSITION AND SELECTION

Size of Board

The number of directors shall be established by the Board in accordance with the Bylaws. The Charter and Bylaws provide for the annual election of directors. The Board, on the recommendation of its Nominating and Corporate Governance Committee, shall evaluate and determine the appropriate size and composition of the Board.

Independence of Directors

It is the Company's policy that the Board be composed of not less than a majority of independent directors. The Company defines an "independent director" as a director who satisfies the independence criteria established by applicable laws, regulations and NASDAQ listing requirements, as summarized below.

An "independent director" under NASDAQ rules is a person other than an executive officer or employee of the Company or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Under no circumstances are the following directors considered "independent":

- a director who is, or at any time during the past three years was, employed by the Company; or
- a director who accepted or who has a family member¹ who accepted any compensation from the Company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the determination of independence, other than the following: (a) compensation for Board or Committee service; (b) compensation paid to a family member who is an employee (other than an executive officer) of the Company; or (c) benefits under a tax-qualified retirement plan or non-discretionary compensation; or
- a director who is a family member of an individual who is, or at any time during the past three years was, an executive officer of the Company; or

¹ A "family member" under NASDAQ rules is a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

- a director who is, or has a family member who is, a partner in, or a controlling stockholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following: (a) payments arising solely from investments in the Company's securities; or (b) payments under non-discretionary charitable contribution matching programs; or
- a director of the Company who is, or has a family member who is, an executive officer of another entity where at any time during the past three years any of the executive officers of the issuer serve on the compensation committee of such other entity; or
- a director who is, or has a family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

After evaluating each director under these independence tests, the board of directors must affirmatively determine that each such director has no other relationships with the Company that could impair their independent judgment.

Audit Committee members may not have any direct or indirect financial relationship with the Company other than as directors, and may not be affiliated persons of the Company. Audit Committee members may receive directors' fees, in the form of cash, stock, stock units or other in-kind consideration ordinarily available to directors.

In addition, in affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board will consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including:

- the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to the director; and
- whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

The Board expects directors to disclose any relationship that might call their independence into question. The Board shall review and determine annually the independence of all non-management directors, including an evaluation of all relationships between the Company and each director for the purposes of determining whether a material relationship exists that could interfere with such director's ability to satisfy his or her responsibilities as an independent director. In addition, the Board may adopt more stringent requirements to determine the independence of directors serving on various Committees.

Leadership Structure

The Board should remain free to configure leadership of the Board and the Company in the way that best serves the Company's interests at the time and, accordingly, has no fixed policy with respect to combining or separating the offices of the Chairman of the Board and CEO. In the event that the Chairman is not independent, the Board may, but is not required to, appoint a lead independent director, who shall be selected by a majority of the independent directors and who shall preside over executive sessions of the Board.

Board Membership Criteria and Selection

- **Recommendations for Director Nominees.** The Board is responsible for nominating individuals for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Board has delegated to its Nominating and Corporate Governance Committee the process of identifying, evaluating and recommending director candidates. With respect to directors standing for re-election, the Nominating and Corporate Governance Committee annually evaluates each director before deciding whether to recommend the director for inclusion on the slate of nominees to be submitted to the stockholders.
- **Criteria for Nominees.** The Nominating and Corporate Governance Committee is responsible for facilitating director assessments, identifying skills and expertise that candidates should possess, and screening, selecting and recommending candidates for Board approval based on such Committee's assessment of the current needs of the Board. The Nominating and Corporate Governance Committee will discharge its responsibilities in accordance with its charter and the Corporate Governance and Nominating Committee Guidelines and Procedures for Identifying and Evaluating Candidates for Nomination for Election to the Board.
- **Other Directorships.** The Company recommends that all directors limit the number of other public company boards on which he or she serves so that he or she is able to devote adequate time to his or her duties to the Company, including preparing for and attending meetings. Directors should advise the Chairman and the chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. Service on boards and/or committees shall comply with the Company's Code of Business Conduct and Ethics.
- **Term Limits; Retirement Policy.** The Board does not limit the number of terms for which an individual may serve as a director and has not implemented a mandatory retirement age for directors. The Nominating and Corporate Governance Committee periodically reviews incumbent directors and the strengths and weaknesses of the Board as a whole. This review includes consideration of a director's length of service on the Board, his or her interest in continuing as a member of the Board and the specific

experience, qualifications, attributes and skills the director brings to the Board in light of the Company's business and its needs at the time.

- **Change in Principal Position or Responsibility.** In the event that a director experiences a material change in his or her principal employment or professional position that adversely affects his or her duties to the stockholders of the Company, the Company may request that such director resign from the Board depending on the circumstances, but the Company does not require that such director resign from the Board.

IV. BOARD MEETINGS

Meeting Attendance and Preparation

Board members are expected to devote sufficient time and attention to prepare for, attend and participate in board meetings and meetings of committees on which they serve, including advance review of meeting materials that may be circulated prior to each meeting.

Management Involvement in Board Meetings

At the invitation of the Board, members of senior management or employees recommended by the CEO shall attend Board meetings or portions thereof for the purpose of participating in discussions where such members of senior management or other employees can provide insight into the items being discussed. The Board encourages the directors and members of the Committees to bring Company management and outside advisors or consultants from time to time into Board and/or Committee meetings to (1) provide insight into items being discussed by the Board which involve the manager, advisor or consultant, (2) make presentations to the Board on matters which involve the manager, advisor or consultant, and (3) bring managers with high potential for success into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

Executive Sessions of Non-Management and Independent Directors

The non-management directors shall meet in regular executive sessions to, among other matters, review the performance of the CEO. The Chairman (if independent), or the lead independent director, if applicable, or in the absence of a lead independent director, the chairperson of the Nominating and Corporate Governance Committee, shall lead regularly scheduled meetings of non-management directors following Board meetings to discuss matters as such non-management directors consider appropriate. To the extent that any non-management director should not be deemed independent under these Guidelines, the independent directors shall meet in an executive session at least once a year, with such meeting to be led by the Chairman (if independent), or the lead independent director, if applicable.

V. BOARD COMMITTEES

Number and Type of Committees.

The Board shall at all times have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each such Committee shall have a written charter that has been approved by the Board and shall be composed entirely of independent directors, except to the extent allowed under applicable laws, regulations, and NASDAQ listing requirements. The Board may from time to time, establish, maintain, and disband additional committees depending on internal needs and in compliance with the Bylaws and applicable laws, regulations, and NASDAQ listing requirements.

Committee Meetings

The chairperson of each Committee, in consultation with the Committee members, will determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee's charter. The chairperson, in consultation with management and Committee members, shall develop the Committee meeting agendas. Special meetings may be called from time to time as determined by the needs of the business and the responsibilities of the Committees.

Committee Reports

Oral reports of Committee meetings shall be provided to the full Board subsequent to each Committee meeting.

VI. SUCCESSION PLANNING

Key Employee Succession.

The Board plans for the succession to the positions of CEO and other executive officers of the Company. To assist the Board, the CEO will annually provide to the Compensation Committee an assessment of the executive officers and their potential to succeed him or her should he or she be unexpectedly disabled or otherwise unavailable to perform his or her duties.

Board Succession.

The Nominating and Corporate Governance Committee shall develop and recommend for the Board's approval a Board succession plan that anticipates Board retirements, Committee assignments and re-assignments, Committee chairperson nominations and overall implementation of the Company's long-term business plan.

Management Development.

The Board will determine that a satisfactory system is in effect for the education, development, and orderly succession of senior and mid-level managers throughout the Company.

VII. OTHER MATTERS

Risk Oversight, Assessment and Management.

The Board and the appropriate Committees shall consider and implement the Company's policies with respect to risk oversight, assessment and management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled. The Board and the appropriate Committees are encouraged to discuss with senior management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Director Evaluations.

The Board shall undertake an annual evaluation, which shall be led by the Nominating and Corporate Governance Committee, as set forth in the Nominating and Corporate Governance Committee Charter.

Director Compensation.

The Board believes that the level of director compensation should generally be competitive with that paid to directors of the Company's peer companies, and should be a mix of cash and equity. Including equity as part of director compensation helps align the interests of directors with those of its stockholders. In addition, the Board may from time to time establish policies pertaining to the ownership of the Company's stock by directors. The Compensation Committee shall periodically review the compensation of non-management directors. The Compensation Committee is encouraged to seek advice from an independent compensation consultant. After such review, the Compensation Committee will make recommendations to the full Board, and the full Board will determine the non-management director compensation. The Company's employee directors shall not receive additional compensation for service as directors.

Director Orientation and Continuing Professional Development.

The Board shall provide directors with access to internal and external orientation and education programs to ensure that they have sufficient information about the Company and their duties.

Independent Advisers.

The Board and its Committees shall have the authority to retain, at any time, independent or outside financial, legal or other advisers as the Board or its Committees may deem appropriate and as authorized by applicable laws, regulations, and NASDAQ listing requirements. The Company will pay the fees and expenses of any such advisers.

Implementation and Amendment of Guidelines.

The Nominating and Corporate Governance Committee shall have primary responsibility for the implementation of these Guidelines. The Nominating and Corporate Governance Committee shall review these Guidelines at least annually and make recommendations to the

Board as to any updates as necessary. These Guidelines may only be amended by the affirmative vote of a majority of the Board.