

POLICIES OF THE BOARD OF DIRECTORS OF NUVECTRA CORPORATION

1. Purpose of Board Policies

The Board of Directors (the “**Board**”) of Nuvectra Corporation (the “**Company**”) represents and protects the interests of the Company’s stockholders and has the responsibility for overseeing the affairs and business of the Company in conjunction with the executive officers. The purpose of these Board Policies is to set forth certain criteria and standards related to the Board’s oversight duties and fiduciary obligations to the Company and its stockholders.

2. Independence Standards

The Company shall have a majority of directors who meet the categorical standards of independence as adopted by the Board, which will meet or exceed the independence requirements of the NASDAQ Marketplace Rules (the “**Nasdaq Rules**”), including the definition of an Independent Director as set forth in Section 4200(a)(15) of the Nasdaq Rules, as the same may be amended from time to time. The Board will assess on no less than an annual basis whether each Director meets these independence standards.

3. Board Leadership Structure

The Chairman of the Board will be an independent Board member as defined by the Nasdaq Rules and as described in Section 2 of these Board Policies, and will be designated the “lead director”. If, for any reason, the Company is unable to appoint an independent Chairman of the Board immediately following a resignation or retirement of such Chairman, the Company will appoint an independent lead director who will serve as the principal liaison on board-wide issues between the independent Board members and the management of the Company. Such independent lead director will also preside at all meetings, including the executive sessions of the Board, and may call meetings of the independent members of the Board and approve meeting agendas for the Board, and such other routine activities as normally conducted by the Chairman of the Board, until a new independent Chairman of the Board is elected by the majority of the independent Board members.

4. Annual Assessment of Board and Committees

No less frequently than annually, the Board and each Board Committee shall assess its effectiveness and take any actions identified to improve its collective ability to represent the Company stockholders and in exercising its oversight and management of the Company. The annual assessment process will be implemented and guided by the Nominating & Corporate Governance Committee of the Board (the “**Governance Committee**”) each year.

5. Other Board Service

The Board recognizes that individuals should limit the number of public company boards on which they serve so they can devote proper attention to their individual board responsibility. In the event that a director wishes to join the board of another public company, it is expected that the director will advise the Chairman of the Governance Committee of that intention. The Chairman of the Governance Committee will consult with the other members of the Governance Committee regarding whether the new commitment is likely to materially and adversely affect the director's ability to fulfill the director's obligations to the Company. The Governance Committee will then make a recommendation to the full Board regarding the director's request, which will be affirmed or denied by the full Board. It is also expected that a Director will refrain from serving as a director, officer, employee or consultant of any business that is directly competitive with the Company, or any business that represents a significant conflict of interest with the Company, while he is an acting member of the Board. The Chairman of the Governance Committee will consult with the other members of the Governance Committee regarding whether the new commitment is likely to involve a competitive or conflicts of interest issue, and report any such issue to the full Board, which shall make any final determination on whether the director's request should be affirmed or denied.

6. Stock Ownership Guidelines

- a. **Purpose:** The purpose of these stock ownership guidelines is to encourage ownership of the common stock of the Company to further align the interests of certain of the Company's executive officers and the independent members of the Board with the interests of the Company's stockholders and to further promote the Company's commitment to sound corporate governance.
- b. **Ownership Requirement:** The Company's Chief Executive Officer is expected to hold an investment position in the common stock of Company with a market value equal to or greater than three (3) times his or her annual base salary, the Chief Financial Officer, Chief Operating Officer and President are expected to hold an investment position in the common stock of Company with a market value equal to or greater than two (2) times his or her annual base salary, and all other executive officers who are designated as "Chief" or "C-Level" officers (e.g., Chief Technology Officer) are expected to hold an investment position in the common stock of Company with a market value equal to or greater than one (1) times their respective annual base salaries. In addition, each non-employee Director of the Board is expected to hold an investment position in the common stock of Company with a market value equal to or greater than two (2) times that Director's annual cash retainer, including any additional fees received for acting as Chairman of the Board or Chairman of any standing committee (the "**Director Fees**").
- c. **Measurement:** Compliance with these ownership guidelines will be measured on the first trading day of each calendar year, commencing in 2023, using (i) each

executive officer's base salary then in effect or (ii) the amount of Director Fees paid the prior year and (iii) the closing price of the common stock of Company on that first trading day.

- d. **Transition Period:** There will be a transition period of five (5) years from the date of joining the Company or being promoted to the position of a C-Level officer or from the date of joining the Company's Board to achieve the ownership requirement. Executive officers and directors are expected to make continuous progress toward their respective ownership requirements during the first five years of their appointment to their role.
- e. **Retention Policies:** Until the executive officer or director has achieved an investment position in the common stock as described above, he or she is required to retain all shares of common stock of the Company received upon: (i) the exercise of options to purchase shares; (ii) the vesting of restricted share units; and (iii) the vesting of performance share units, in each case, net of any shares sold to fund the applicable exercise price or satisfy any taxes due as a result of such exercise or vesting event.
- f. **Continued Retention Compliance:** In the event of: (i) an increase to an executive officer's base salary or, in the case of a non-employee director, to the Director's Fees or (ii) a decline in the price of the common stock of Company, in each case, that results in non-compliance with ownership requirements, such executive officer or director will be required to retain all shares received upon the exercise of options to purchase shares, the vesting of restricted share units and the vesting of performance share units until such executive officer or director meets the applicable ownership requirement then in effect, in each case, net of any shares sold to fund the applicable exercise price or satisfy any taxes due as a result of such exercise or vesting event.
- g. **Holdings Considered:** The following share holdings will be considered when determining whether ownership requirements have been satisfied:
 - i. Stock owned outright, including shares owned jointly with a spouse or separately by a spouse and/or children that share the director's household;
 - ii. Stock owned through a Company-sponsored savings/retirement plan, such as the Company's 401(k) Plan;
 - iii. Stock purchased through any Company employee stock purchase plan;
 - iv. Vested but unexercised stock options and vested restricted stock, restricted stock units and performance share units;
 - v. Stock obtained through the exercise of options; and
 - vi. Phantom stock held in any Company supplemental savings plan.
- h. **Holdings Not Considered:** Those holdings that will not be considered when determining whether ownership requirements have been satisfied include the

following: any unvested stock options, restricted stock, restricted stock units or performance share units.

- i. **Failure to Meet Ownership Requirement:** Failure by any executive officer or director to meet or to show sustained progress toward meeting the ownership requirement may result in a reduction in future long term incentive grants and/or the requirement to retain all shares obtained through the vesting or exercise of equity or option grants.
- j. **No Hedging/Pledging Requirement:** No hedges of the Company's common stock by an executive officer or non-employee director of the Company will be allowed. A "hedge" includes any instrument or transaction through which an executive officer or non-employee director offsets or decreases his/her exposure to risk of price fluctuation in the Company's common stock. No pledges of the Company's common stock (e.g., as collateral for a loan or by holding Company common stock in a margin account) will be allowed.
- k. **Exceptions; Hardship:** There may be instances in which an exception should be made for various equitable reasons, or when these stock ownership guidelines would place a hardship on an executive officer or director, or prevent an executive officer or director from complying with a court order, such as in the case of a divorce settlement. It is expected that such instances will be rare. Under these circumstances, the Executive will work with the Company's Chairman of the Governance Committee and the Company's Chief Financial Officer, subject to the approval of the full Board, to develop an alternative plan that reflects the intention of the stock ownership guidelines.

7. Clawback Policy

The Board will, in all appropriate circumstances, require reimbursement of any annual incentive payment or long-term incentive payment to any executive officer where: (1) the payment was predicated upon achieving certain financial results that were subsequently the subject of a material adverse restatement of Company financial statements filed with the SEC; (2) the Board determines the executive engaged in intentional or grossly negligent misconduct that caused or substantially caused the need for the substantial restatement; and (3) a lower payment would have been made to the executive based upon the restated financial results. In each such instance, the Company will, to the extent practicable, seek to recover from the individual executive the amount by which the individual executive's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results. For purposes of this Board Policy, the term "executive officer" means any officer who has been designated an executive officer by the Board.