

**NUZEE, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**  
**(As adopted by the Board of Directors on November 8, 2019)**

The Board of Directors (the “**Board**”) of NuZee, Inc. (the “**Company**”), acting on the recommendation of its Nominating and Corporate Governance Committee, has adopted these Corporate Governance Guidelines in order to codify internal Board policies and procedures. As such, they reflect the Board’s current views with respect to certain matters of Board composition and practice and are subject to change from time to time. They do not establish legal duties of the Board or any Committee.

**1. Role of the Board**

The role of the Board is to promote the best interests of the Company and its stockholders by overseeing the management of the Company’s business, assets, and affairs.

**2. Board Job Description**

The Board should: (i) select, regularly evaluate, and, if necessary, replace the Chief Executive Officer; determine executive compensation; actively review succession planning and organization development; (ii) actively review and, where appropriate, endorse the financial objectives, major strategies, and plans of the Company; (iii) review the financial performance of the Company; (iv) provide advice and counsel to the Chief Executive Officer; (v) review the adequacy of systems, processes, and controls relating to compliance with applicable laws, regulations, and standards of appropriate behavior; (vi) evaluate Board processes and performance, (vii) establish committees as appropriate; (viii) select and recommend to stockholders for election an appropriate slate of candidates for the Board; and (ix) review areas of potential risk, the Company’s tolerance for such risks, and plans for mitigating such risks.

**3. Size of the Board**

The Board shall determine the appropriate size of the Board from time to time within the limits specified in the Articles of Incorporation and Bylaws of the Company. The Board currently considers the optimal size of the Board to be between three and seven members. However, the Board should periodically evaluate whether a larger or smaller size would be preferable.

**4. Board Member Qualifications**

Qualified directors should generally meet the following expectations:

a. A director should have the education, business experience, and current insight necessary to understand the Company’s business and be able to evaluate and oversee direction, performance, and guidance for the success of the enterprise.

b. A director should be cognizant that, so long as the Company is solvent, his or her primary responsibility is to represent the interests of the Company's stockholders, while also being attuned to the needs of the Company's employees, the communities in which it operates, and others who have a stake in the Company.

c. A director should have the interest and the time available to fulfill his or her responsibilities as a director over a period of years.

d. A director should commit to attending substantially all scheduled board and committee meetings and the Annual Meeting of Stockholders and should come to said meetings adequately prepared (including thorough review of materials distributed in advance of the meeting) and ready to participate fully.

e. A director should have independence and strength of conviction while at the same time leaving behind personal prejudice so as to be open to other points of view from fellow directors.

f. A director should have the willingness and ability to objectively and constructively appraise the performance of executive management and, when necessary, recommend appropriate changes.

g. Except in unusual circumstances, and then only with the formal approval of the disinterested directors, a director should not be involved in any activity or interest that might appear to conflict with his or her fiduciary responsibility to the Company.

h. A director should generally meet all other criteria established by the Board from time to time. These may include functional skills, corporate leadership, diversity, international experience, or other attributes which will contribute to the development and expansion of the Board's knowledge and capabilities.

## **5. Mix of Inside and Independent Directors**

The Board should be composed of a majority of directors who qualify as "independent directors" under the standards set forth by the Securities and Exchange Commission ("SEC") and the Nasdaq Capital Market ("Nasdaq"). The Board believes that it may be beneficial and appropriate to have the Chief Executive Officer as a director, as well as other members of management where appropriate, and the Chief Executive Officer may serve as the Chairperson of the Board (the "Chair").

## **6. Board Compensation**

The Nominating and Corporate Governance Committee shall conduct an annual review of the status of Board compensation in relation to other comparable companies and make recommendations to the Board with respect to the appropriate form and amount of director compensation. As part of a director's total compensation, the Board believes that a meaningful portion of a director's compensation should be provided and held in common stock (including

stock options) of the Company. Directors who are also employees of the Company will not be paid for Board membership in addition to their regular employee compensation.

Changes in Board compensation, if any, should come at the suggestion of the Nominating and Corporate Governance Committee, but with full discussion and concurrence of the Board.

## **7. Director Orientation and Continuing Education**

The Board and the Company will develop and maintain an orientation process for new directors that includes background material, meetings with appropriate members of senior management and outside advisors, and visits to Company facilities. Invitations will be extended to the continuing directors to participate in any aspect of the orientation process, but such participation will be voluntary on the part of any continuing director.

As appropriate, senior management will prepare additional education programs for directors on matters relevant to the Company and its business. Directors are also encouraged to pursue continuing education programs that are designed to address issues relevant to being a director.

## **8. Term Limits**

In order to avoid losing the contribution of directors who have been able to develop, through years of service on the Board, greater insight into the Company and its operations and who continue to make a significant contribution to the Board as a whole, the Board has not established arbitrary term limits. As an alternative to term limits, the Board believes that it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and selection process described in these Corporate Governance Guidelines.

## **9. Definition of Independence for Directors**

The Board, in consultation with the Nominating and Corporate Governance Committee, should review annually the relationships that each director has with the Company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company). Following such review, only those directors who the Board affirmatively determines have no material relationship with the Company will be considered independent directors, subject to the applicable rules of the SEC and Nasdaq.

The Nominating and Corporate Governance Committee should periodically review the compensation arrangements and other business relationships between directors and the Company, including the Company's charitable and political contributions, in order to monitor the continued independence of directors deemed to be independent.

## **10. Board Access to Senior Management**

Board members will have complete access to the Company's management. Board members will use judgment to be sure that such contact is not distracting to the business or operations of the Company.

### **11. Outside Advice**

The Board, or a committee of the Board, should be able to communicate directly with the Company's principal external and internal advisors (including its auditors, legal counsel, and, when such relationships exist, investment banking and executive compensation advisors). It is noted that a primary function of the Audit Committee is to provide a direct communication channel to the Board for the Company's public accountants and others.

Further, there may be occasions when an outside advisor should be specially retained to assist the Board or a committee in connection with a particular matter, and the Company shall pay any fees and expenses of such advisor.

### **12. Executive Sessions of Independent Directors**

The independent directors will meet in executive session without management present at least twice annually. The independent directors may meet in executive session at any time at the discretion of the Board. It is the general practice of the independent directors to hold such meetings following each regularly scheduled Board meeting.

### **13. Board Interaction with Institutional Investors, the Press, Customers, and Suppliers**

The Board believes that management speaks for the Company. Individual non-management directors are not authorized to be a spokesperson for the Company and, particularly when market sensitive information is involved, should avoid responding to inquiries. A non-management director normally should refer investors, market professionals, and the media to the Chief Executive Officer, Chief Financial Officer, or other individual designated by the Company. In certain circumstances, individual non-management directors may engage with investors at the discretion of the Chair. If comments from the Board are appropriate, they should come from the Chair or the Chair's designee, depending upon the particular circumstances.

### **14. Committees of the Board**

The Board shall always maintain an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each of which shall be composed solely of independent directors. Each of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee shall have its own charter, which will set forth the purposes, goals, and responsibilities of the committee and the qualifications for committee membership, procedures for committee member appointment and removal, committee structure, and committee reporting to the Board. Current versions of such committee charters are available on the Company's website. The current committee structure appears appropriate, given the size of the Board. The Board may, from time to time, form new ad hoc committees or disband such ad hoc committees, depending upon the circumstances.

## **15. Assignment of Committee Members**

The Board, based upon the recommendation of the Nominating and Corporate Governance Committee, after consultation with the Chair and the Chief Executive Officer (and the Lead Director, if any is then serving) and taking into account the desires of individual Board members, shall determine committee membership. The Board does not have a policy of a mandated rotation since there may be reasons at a given point in time to maintain an individual director's committee membership(s) for a longer period of time.

## **16. Selection of Committee Chairs**

The Board, based upon the recommendation of the Nominating and Corporate Governance Committee, after consultation with the Chair and the Chief Executive Officer and taking into account the desires of individual Board members, shall be responsible for the selection of committee chairs. The Board does not have a policy of a mandated rotation since there may be reasons at a given point in time to maintain a director's position of committee chair for a longer period of time. Also, where practicable, an individual should have prior experience on a committee before being named chair of that committee, and should stay on the committee for one year after serving as chair to help in transition.

## **17. Selection of New Director Candidates**

The Nominating and Corporate Governance Committee is primarily responsible for identifying the need to add one or more directors and for defining the characteristics and qualifications of individuals to be candidates for inclusion on the Board. In connection with this effort, the Nominating and Corporate Governance Committee should evaluate the profile of the Board and discuss it with the Chair, the Chief Executive Officer, and the rest of the Board, forming a consensus on the number of additional directors to be added at the time and the ideal set of job skills.

The Nominating and Corporate Governance Committee shall determine how the search will be conducted, including whether to employ the services of a search firm. Once the process for conducting the search is determined, the Nominating and Corporate Governance Committee, with input from the entire Board, should make a list of final candidates.

Once a list of final candidates has been established, the members of the Nominating and Corporate Governance Committee, the Chair, and the Chief Executive Officer should meet with each candidate to evaluate his or her suitability. The Nominating and Corporate Governance Committee will recommend a candidate to the Board, and the Board will make the final determination with respect to the selection of a candidate for inclusion on the Board.

The Nominating and Corporate Governance Committee is also responsible for reviewing candidates submitted by stockholders for consideration and for establishing procedures for evaluating those candidates.

## **18. Former Chief Executive Officer's Board Membership**

When the Chief Executive Officer resigns from that position, he/she shall offer his or her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board (taking into account the recommendation of the Nominating and Corporate Governance Committee). A former Chief Executive Officer serving on the Board will not initially be considered an independent director. Such former Chief Executive Officer's status shall be periodically reviewed to evaluate the continued appropriateness of classifying him/her as a non-independent director.

## **19. Directors Who Change Their Job Responsibility**

In the event of a material change in a director's qualifications or status, such as a change in employment or position with an existing employer, he or she shall notify the Board and offer his or her resignation.

Such a director should not necessarily leave the Board. There should, however, be an opportunity for the Board (based upon the recommendation of the Nominating and Corporate Governance Committee) to review the continued appropriateness of Board membership under the circumstances.

## **20. Formal Evaluation of the Chief Executive Officer**

The independent directors should meet at least annually in executive session to evaluate the performance of the Chief Executive Officer. The Compensation Committee will be primarily responsible for collecting information in connection with the performance of the Chief Executive Officer and presenting such information to all of the independent directors for discussion.

## **21. Succession Planning**

a. As part of the Nominating and Corporate Governance Committee's review of the size and composition of the Board, they should consider the ages and performance of the individual directors and prepare for any anticipated changes. The Committee should discuss the impact of, and prepare for, unexpected changes to the Board. Succession planning and future requirements in respect to Board membership and structure are part of this annual process.

Changes in Board composition, if any, should come at the suggestion of the Nominating and Corporate Governance Committee, and with full discussion and concurrence of the Board.

b. The independent directors should meet at least annually in executive session to evaluate succession planning for the Chief Executive Officer of the Company. The Nominating and Corporate Governance Committee will be primarily responsible for presenting information to all of the independent directors for discussion. The Chief Executive Officer will periodically report to the independent directors on succession planning. There should also be available, on a

continuing basis, the Chief Executive Officer's recommendations as to his or her successor should he/she be unexpectedly unavailable.

## **22. The Chief Executive Officer and Outside Boards**

The first obligation of the Chief Executive Officer is to the Company, but it is recognized that service by the Chief Executive Officer on outside boards may be beneficial. The Board particularly encourages service by the Chief Executive Officer on an outside board of a public company.

The Chief Executive Officer shall advise the Board, in advance, of his or her desire to accept a position on another board. The Nominating and Corporate Governance Committee will be primarily responsible for determining whether such board service is appropriate under the circumstances. The number of outside nonprofit and private company boards upon which the Chief Executive Officer may serve will be determined on a situational basis. However, the Chief Executive Officer may not serve on more than one outside board of a public company.

## **23. Directors Serving on Other Boards**

Directors should advise the Board when they intend to accept a position on another Board. In general, the Company believes that there may be a benefit to the Company as a result of directors broadening their experience by serving on other Boards provided that such service does not detract from the director's ability to fulfill his or her ability to meet the expectations set forth in paragraph 4. Service on other Boards is one of the factors considered by the Nominating and Corporate Governance Committee in evaluating candidates for nomination for election or re-election to the Board.

## **24. Evaluating Board Processes and Performance**

The Board should meet at least annually to assess the Board's processes and performance. During this assessment, the directors will evaluate the Board's contribution and review areas in which the Board and/or management believes a better contribution could be made. If desired by any director, the independent directors will meet in executive session to discuss Board processes and performance without the Chief Executive Officer or any other management directors in attendance.

The Nominating and Corporate Governance Committee is responsible for evaluating individual Board members at the time they are considered for re-nomination to the Board.

## **25. Management Evaluation**

The Compensation Committee shall review the Chief Executive Officer's evaluation of the performance of the senior management of the Company and shall present its findings to the full Board. The Board shall review the Compensation Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Company in the long- and short-term.

## **26. Scheduling and Selection of Agenda Items for Board Meetings**

The Board will meet at least quarterly and will also hold an annual strategic planning session as well as an annual budget meeting. The Chair, in coordination with the Chief Executive Officer, shall set the agenda for each Board meeting, taking into account input and suggestions from members of the Board.

## **27. Conflicts of Interest**

If an actual or potential conflict of interest develops because of a change in the business of the Company or any subsidiary of the Company, or in a director's circumstances (for example, significant and ongoing competition between the company and a business with which the director is affiliated), the director should report the matter immediately to the full Board and the Audit Committee for evaluation and appropriate resolution.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board and the Audit Committee, shall recuse himself or herself from participation in the related discussion, and shall abstain from voting on the matter.

In addition, any monetary engagement (other than director or employee compensation or transactions which would not require disclosure under Item 404 of Regulation S-K) (a) between a director (including any entity of which the director is a director or executive officer and any member of a director's family as defined in the Nasdaq Rules) and the Company or any of its affiliates or members of senior management or their families, and (b) between officers of the Company (i.e., "Section 16" officers designated by the Board) and the Company or any of its affiliates, shall be subject to the approval of the Audit Committee or the independent directors, in accordance with the Company's Related Party Transactions Policy. Each director or officer must notify the Board in advance of entering into any such transaction.

## **28. Disclosure**

These Corporate Governance Guidelines will be made available on the Company's website. The Company will include a statement in its annual report on Form 10-K indicating that a copy of these Corporate Governance Guidelines are available on its website and in print to any stockholder who requests a copy and specifying how such request be made.