

# PETIQ, INC.

## CORPORATE GOVERNANCE GUIDELINES

EFFECTIVE: MARCH 5, 2019

The Board of Directors (the “**Board**”) of PetIQ, Inc. (the “**Company**”) has adopted these Corporate Governance Guidelines (the “**Guidelines**”) to provide a framework for governance of the Company. These Guidelines do not change or interpret the Company’s certificate of incorporation or bylaws or any amendment or restatement thereof (the “**Certificate of Incorporation**” and the “**Bylaws**,” respectively, and collectively, the “**Charter Documents**”) or any other governing documents, including, without limitation, the charters of any committees of the Board. These Guidelines are not intended to change or augment the obligations of the Company or its directors or management under the federal securities laws or rules and regulations of the NASDAQ Stock Market (“**NASDAQ**”) or any stock exchange upon which the Company’s securities are then listed.

### 1. Board Structure and Composition

#### A. Size of Board

The number of directors that constitutes the Board will be fixed from time to time pursuant to the Charter Documents.

#### B. Director Terms

The Board is divided into three classes, the members of each of which serve for staggered three-year terms as provided in the Certificate of Incorporation. Accordingly, only one class of directors will be elected at each annual meeting of stockholders of the Company, with the other classes continuing for the remainder of their respective three-year terms.

#### C. Independence

A majority of the Board shall consist of independent directors. An independent director is one who meets the NASDAQ independence criteria and has no relationships that would interfere with the director’s independent judgment as determined by the Board. The Board has adopted the categorical independence standards for directors established in the NASDAQ rules.

Each year, the Nominating and Corporate Governance Committee will review the relationships between the Company and each director and will report the results of its review to the Board, which will then determine which directors satisfy the applicable independence standards. No director is considered independent unless the Board has determined, based on all relevant facts and circumstances, that he or she has no material relationship with the Company, either directly or through organizations with which he or she is affiliated.

#### D. Selection of Director Candidates

The Nominating and Corporate Governance Committee is responsible for (i) searching for, identifying, evaluation and recommending to the Board candidates to fill new positions or vacancies on the Board and review any candidates recommended to the Board by stockholders if such recommendations are made in compliance with the requirements set forth in the Charter Documents and (ii) making recommendations to the Board regarding the selection and approval of nominees for director to be submitted to a stockholder vote at the annual meeting of stockholders of the Company. The full Board will act on recommendations made by the Nominating and Corporate Governance Committee. No director shall be appointed to the Board or submitted to a stockholder vote at the annual meeting of stockholders of the Company without Board approval.

#### E. Director Qualifications

A director should possess personal and professional integrity, have good business judgment, relevant experience and skills and be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company stockholders. Directors should be committed to devoting sufficient time and energy to diligently performing their duties as directors. The Board and the Nominating and Corporate Governance Committee are committed to actively seeking out diverse candidates to be considered as director nominees.

In evaluating director candidates, the following general criteria will be considered by the Nominating and Corporate Governance Committee and the Board:

- current or recent experience as a senior executive of a public company or as a leader of another major complex organization;
- business and financial expertise;
- experience as a director of a public company;
- current or prior animal health or pet industry experience;
- government entity or regulatory experience;
- independence;
- current employment;
- diversity with respect to viewpoints, background, experience, skill, education, national origin, gender, race, age, culture and current affiliations; and
- personal and professional ethics and integrity, independent thought, practical wisdom and mature judgment.

None of these criteria should be construed as minimum qualifications for director selection nor is it expected that director nominees will possess all of the criteria identified. Rather, these criteria represent the range of complementary talents, backgrounds and experiences that the Board believes would contribute to the effective functioning of the Board. In addition, in composing a well-rounded Board, the Board and the Nominating and Corporate Governance Committee look for those individuals who would bring a variety of complementary skills to allow formation of a Board

that possesses the appropriate skills and experience to oversee the Company's business. One or more of the directors must possess the education or experience required to qualify as an "audit committee financial expert."

F. Change of Position or Affiliation

The Board does not believe that directors who retire or change their position or organization by whom they were employed when they became a member of the Board should necessarily leave the Board. However, promptly following any such event, the director must notify the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee. In the event that the Nominating and Corporate Governance Committee determines that it is no longer appropriate for the affected director to remain on the Board under such circumstances, including as it relates to such director's independence and director qualification criteria, it shall make a recommendation to such effect to the Board. If the Board agrees with the recommendation of the Nominating and Corporate Governance Committee, the affected director shall tender his or her resignation to the Board.

G. Membership on Other Boards

No non-management director may serve on more than four other public company boards. No management director may serve on more than one other public company board. A director should advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. In the event that the Nominating and Corporate Governance Committee determines that additional directorship constitutes a conflict of interest or interferes with such director's ability to carry out his or her responsibilities as a director of the Company, it shall make a recommendation to such effect to the Board. If the Board agrees with the recommendation of the Nominating and Corporate Governance Committee, the affected director shall tender his or her resignation to the Board or not accept the other directorship.

H. Committees

The Board has established the following standing committees: Audit, Compensation, and Nominating and Corporate Governance, each composed entirely of independent directors. Each of these committees operates under a written charter approved by the applicable committee and the Board. The Board may establish other committees from time to time. The Nominating and Corporate Governance Committee will, at least annually, make recommendations to the Board with respect to membership on, and the chairman of, the committees of the Board.

I. Director Responsibilities

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be the best interests of the Company and its stockholders. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

J. No Term Limits

The Board does not believe it should establish term limits. The Company and its stockholders both benefit from Board continuity and stability and by allowing directors to focus on long-term business strategies and results.

K. Chairman of the Board

The Board, upon recommendation of the Nominating and Corporate Governance Committee, will periodically appoint a Chairman of the Board. Both management directors and non-management directors, including the Chief Executive Officer (the “*CEO*”), are eligible for appointment as the Chairman.

L. Director Compensation

The Compensation Committee will conduct a periodic review of director compensation and make a recommendation to the Board regarding the form and amount of director compensation. Directors who are employees of the Company will not receive any additional compensation for service on the Board.

**2. Board Meetings and Procedures**

A. Meetings of the Board

The Chairman of the Board will establish the agenda for each Board meeting. At the beginning of the year, the Chairman of the Board will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each director is free to suggest the inclusion of items on the agenda. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Attendance at Board and committee meetings should be considered by the Nominating and Corporate Governance Committee in assessing each director’s performance. Directors are encouraged, but not required, to attend each annual stockholder meeting.

B. Meetings of Independent Directors

The independent directors will have regularly scheduled meetings in executive session at least twice per year. If the Chairman of the Board is a non-management director, that Chairman will preside at these meetings. If the Chairman of the Board is a management director, a lead independent director (the “*Lead Director*”) will be chosen by the Board, based on the recommendation of the Nominating and Corporate Governance Committee. The Chairman or Lead Director, as applicable, is responsible for preparing an agenda for the meetings of the independent directors in executive session.

C. Director Access to Independent Advisors and Management

The Board and each committee has the power to hire legal, financial or other experts and advisors as it may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.

The Board welcomes regular attendance at each Board meeting of executive officers of the Company.

**3. Board Performance and Development**

A. Annual Board and Committee Self-Evaluations

The Nominating and Corporate Governance Committee will lead the Board in its annual evaluation of the Board and each committee. As part of this process, the Nominating and Corporate Governance Committee will receive comments from all directors and report to the full Board with an assessment of the performance of the Board as a whole and the performance of each committee.

B. Director Orientation and Continuing Education

The Nominating and Corporate Governance Committee is responsible for developing and evaluating an orientation and continuing education program for directors, and for making appropriate recommendations for final Board action regarding this program. All directors are encouraged to attend director development programs and conferences that relate to director duties and other corporate governance topics or to other topics relevant to the work of the Board.

**4. Stockholder Communications with Directors**

The Board welcomes communications from the Company's stockholders and other interested parties. Stockholders and any other interested parties may send communications to the Board, any committee of the Board, the Chairman of the Board, the Lead Director (if applicable) or any other director in particular to PetIQ, Inc., Attention: Corporate Secretary, 923 S. Bridgeway Place, Eagle, Idaho 83616.

Stockholders and any other interested parties should mark the envelope containing each communication as "***Stockholder Communication with Directors***" and clearly identify the intended recipient(s) of the communication. The Secretary of the Company will review each communication received from stockholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company,

then the Secretary may forward the communication to the executive officer or Chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

## **5. Board Interaction with External Constituencies**

The Board believes that management speaks for the Company. As such, individual directors shall not meet or otherwise directly communicate with stockholders, research analysts, vendors, the press or other external constituencies on behalf of the Company unless the communication is (1) requested by the Chairman of the Board, the Chief Executive Officer or the full Board or (2) required to discharge his or her duties as set forth in committee charters.

## **6. CEO Evaluation and Management Succession**

The Compensation Committee shall conduct an annual review of the CEO's performance and compensation, as set forth in its charter. The non-management directors meeting in executive session shall review the Compensation Committee's report in order to ensure that the CEO is providing the best long and short-term leadership for the Company.

The Nominating and Corporate Governance Committee shall periodically discuss CEO succession planning and report its discussions to the Board. In the event of a CEO transition, the entire Board shall work with the Nominating and Corporate Governance Committee to evaluate and nominate a successor to the CEO which, if appropriate given the circumstances, shall include input from the departing CEO.

## **7. Review of Governance Policies**

The Nominating and Corporate Governance Committee periodically will review and reassess the adequacy of these Corporate Governance Guidelines and recommend any proposed changes to the Board for approval. In addition, the Nominating and Corporate Governance Committee will consider any other corporate governance issues that arise from time to time and will develop appropriate recommendations for the Board.