



CORPORATE GOVERNANCE GUIDELINES

(Adopted by the Board of Directors on July 28, 2021)

The board of directors (the “Board” and each member, a “Director”) of Vericel Corporation (the “Company”) has adopted the following Corporate Governance Guidelines (“Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s articles of incorporation, amended and restated bylaws (the “Bylaws”), and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairpersons and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to periodic review by the Board and the Governance and Nominating Committee of the Board (the “Governance Committee”), which may recommend to the Board that they be modified, amended and/or expanded at any time, when appropriate.

I. The Role of the Board of Directors

The Board is elected by the shareholders to provide oversight of, and strategic guidance to, senior management of the Company. The core responsibility of a Director is to fulfill his or her duties of care and loyalty and otherwise exercise his or her business judgment in the best interests of the Company and its shareholders. The Board of Directors is responsible for overseeing the Company’s officers, including the President and Chief Executive Officer (the “CEO”), and for ensuring that management advances the interests of the shareholders through the operation of the Company’s business. The Board recognizes that it is management’s responsibility to carry out the policies and strategies approved by the Board and to manage and carry out the operation of the Company’s business.

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, a copy of which is available on the Company’s website.

II. Functions of the Board

In addition to general oversight of senior management, the Board focuses on:

- Review and approval of the Company’s strategic plans and policies, as developed by the Company’s CEO and the Company’s senior management;
- Approval of Director candidates recommended by the Governance Committee to be nominated for election by shareholders at annual meetings of shareholders or to be elected by the Board to fill vacancies or newly-created directorships;
- Approval of material acquisitions, investments or divestitures, strategic transactions, and other significant transactions not in the ordinary course of the Company’s business;
- Selecting, evaluating, compensating, and terminating (as necessary) the CEO and providing oversight of the performance and effectiveness of senior management;
- Overseeing the creation and retention of a talented employee base and planning for senior management succession and development;
- Monitoring operating results and financial condition;

- Assessing the Company’s risk management systems, and overseeing compliance with legal and regulatory requirements;
- Reviewing and approving the Company’s Code of Business Conduct and Ethics; and
- Ensuring the processes and controls are in place to maintain the integrity of the Company, its financial statements and reporting, compliance with law and ethics, relationships with employees, customers and suppliers, and relationships with other stakeholders.

III. Board Composition, Selection and Leadership

A. Size of the Board

The number of Directors shall be established by the Board in accordance with the Bylaws, as amended from time to time. Our Bylaws provide that the Board will consist of not less than five nor more than nine members. The Board and the Governance Committee annually review the size of the Board and assess its ability to work effectively with appropriate expertise and diversity.

B. Independence of Board and Committee Members

A majority of the Board as a whole, and all members of the Audit Committee of the Board (the “Audit Committee”), the Compensation Committee of the Board (the “Compensation Committee”), and the Governance Committee, will be independent Directors. An independent Director is one who meets all the applicable “independence” requirements under the Nasdaq Listing Standards and applicable U.S. Securities and Exchange Commission (“SEC”) rules and regulations and is free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Board periodically, and at least annually, reviews the independence of the Directors and determines which Directors are independent. In each case, the Board shall broadly consider all relevant facts and circumstances in making an independence determination.

C. Board Leadership

The Board does not have a set policy on whether the positions of CEO and Chairperson of the Board should be separate or united, but rather will make that determination from time to time in its judgment. The Chairperson of the Board is currently an independent Director, but if the Chairperson of the Board is not independent, the Board shall appoint an independent lead director (“Lead Director”).

The Chairperson of the Board shall preside at all meetings of the Board and of the shareholders, and shall perform such other duties, and exercise such powers, as prescribed by the Bylaws or by the Board from time to time. If the Chairperson of the Board is not independent and a Lead Director has been appointed, he or she shall preside at executive sessions of the independent Directors and will bear such further responsibilities as the Board may designate from time to time.

D. Board Membership Criteria

The Governance Committee works with the Board, at least annually, to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual Directors. The Governance Committee develops criteria to select nominees whose attributes it believes would be most beneficial to the Company considering the composition of the Board, the degree to which such nominees will enhance its effectiveness, and the long-term interests of the Company’s shareholders.

The Governance Committee’s goal is to assemble a Board that brings to the Company a variety of perspectives and skills derived from high-quality business and professional experience, while considering the appropriate size of the Board and its committees. In doing so, the Governance Committee also considers candidates with appropriate non-business backgrounds. There are no stated minimum criteria for Director nominees.

The Board believes that its membership should reflect a diversity of experience, gender, race, ethnicity, and age and strives to obtain diverse candidates for consideration. In any particular situation, the Governance Committee may focus on persons possessing a particular background, experience or qualifications, which the Governance Committee believes would be important to enhance the effectiveness of the Board.

The Company's guidelines regarding Director nominations are set forth in the Company's Director Nominations Policy, available on the Company's website.

E. Selection of New Director Candidates

The Governance Committee considers candidates for Board membership who are recommended by the Governance Committee members and other Directors, management, our shareholders, third-party search firms, and any other appropriate sources. Shareholders may recommend a person for consideration as a nominee for Director in accordance with the procedures set out in our most recent Proxy Statement.

Each year, the Board recommends the nominees for election by the shareholders at the annual meeting of shareholders. Between annual meetings of shareholders, the Board may elect Directors to fill vacancies on the Board who serve for a term expiring at the next annual meeting of shareholders.

F. Directors who Change Their Present Job Responsibilities

Each non-employee Director who changes his or her primary employment responsibility during Board service is required to notify the Chairperson of the Board, the Lead Director (if any), the CEO, and the Secretary of the Company of such change. The Board should evaluate the appropriateness of continued membership under the circumstances and evaluate whether such Director should leave the Board. Following such evaluation, if the Board determines that the Director should leave the Board, the Director is expected to submit his or her resignation.

G. Board Refreshment

While term limits and a mandatory retirement age facilitate the introduction of fresh ideas and viewpoints available to the Board, they may also result in the loss of contributions from Directors with long standing insight and understanding of the Company and its business. As such, the Board does not believe that it should establish term limits or mandatory retirement ages. However, the Governance Committee shall consider refreshment of the Board annually and recommend such changes as it deems appropriate with respect to refreshment of the Board so as to maximize the Board's effectiveness.

H. Membership on Other Boards

The Company's Named Executive Officers, including the CEO, shall obtain the approval of the Board before accepting an invitation to serve on the board of another public company. The CEO shall not serve on the boards of more than one public company in addition to the Company's Board.

It is the expectation of the Board that non-employee directors should not serve on the boards of more than four public companies (including the Company's Board). It is the further expectation of the Board that if a non-employee Director is a current Chief Executive Officer or other executive officer of a public company, the director should not serve on the boards of more than two public companies (including the Company's Board). It is expected that before accepting another board position a Director will consider whether that service will compromise his or her ability to perform his or her present responsibilities for the Company. It is further expected that each non-employee Director shall provide advance notice to the Chairperson of the Board and Lead Director (if any) of acceptance of an invitation to serve on the board of any other public company.

III. Board Meetings

A. Frequency of Board Meetings

The Board currently plans at least four regular meetings each year. Additional meetings are held as needed and are called in accordance with the Bylaws, as amended from time-to-time. The Board may also act by unanimous written consent as provided in the Bylaws.

B. Attendance at Board Meetings

Board members are expected to attend each Board and applicable committee meeting and actively participate in the discussion of the matters presented at the meeting. All Directors are expected to attend the annual meeting of shareholders. The Board believes that Directors should attend all meetings, in person or by audio or video conference and, at a minimum, should not attend fewer than 75% of Board and applicable committee meetings.

C. Selection of Agenda Items for Board Meetings

The Chairperson of the Board, in consultation with the CEO, the Lead Director (if any), and the other Directors, will determine the frequency and length of meetings. Additionally, the Chairperson, in consultation with the CEO, the Lead Director (if any), and other members of management, will establish the agenda for each Board meeting. Each Director is invited to suggest the inclusion of items on the agenda and may raise subjects at Board meetings that were not specifically included on the agenda.

D. Management Involvement in Board Meetings; Director Access to Officers, Employees and Information

The Board encourages the CEO to schedule members of senior management or other employees to attend Board meetings and make presentations where such employees can provide insight into the items being discussed.

Directors have full access to officers, employees, and the books and records of the Company. Any meetings or contacts that a Director wishes to initiate with a member of senior management may be arranged through the CEO or the Secretary. The Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.

E. Executive Sessions

The independent, non-employee Directors of the Board will meet in executive sessions, without management present, at the time of each regularly scheduled in-person Board meeting.

F. Board Materials Distributed in Advance

Materials to be discussed at each Board meeting, including presentations or other information that is important to the Board's understanding of the business, should be distributed in writing to the Board in advance of each meeting to ensure the Directors have sufficient time to review. Such materials should be concise and presented in a manner that facilitates review while also providing a sufficient level of detail. Advance delivery of concise and informative materials will allow Directors to use valuable meeting time for discussion and questions.

IV. Board Committees

A. Number and Type of Committees; Independence of Members

The Board shall create, maintain, and dissolve its committees depending on the internal needs of the Board and the Company and in compliance with applicable laws, regulations and the Nasdaq Listing Standards. The current standing committees of the Board are: the Audit Committee, the Compensation Committee, and the Governance Committee. Each standing Board committee shall have a written charter, approved by the Board, describing the

committee's responsibilities and authority. Each committee shall review its charter annually and shall discuss proposed changes, if any, with the Board.

The Audit Committee, the Compensation Committee, and the Governance Committee shall be composed entirely of independent Directors, except to the extent allowed under applicable laws, regulations and Nasdaq Listing Standards.

B. Committee Member Selection and Assignment

The designation of committee members and committee chairs shall be reviewed by the Board annually upon the recommendation of the Governance Committee. In making such recommendations, the Governance Committee may consult with the Chairperson of the Board, Lead Director (if any), and the CEO and shall take into account the desires of the individual Directors. There are no fixed terms for committee membership or committee chairs.

Although the Board does not feel that rotation of committee members should be necessarily predetermined since there may be reasons at any given time for particular Board members to continue in the same role, the Board does recognize that rotation of committee members may be appropriate at periodic intervals. As such, the Governance Committee shall consider refreshment of committee membership annually and recommend rotation for review and approval by the Board, when appropriate.

C. Committee Meetings

The chairperson of each committee, in consultation with committee members, determines the frequency and length of the meetings of the committee, consistent with any requirements set forth in the committee's charter. The committee chairperson, in consultation with management and committee members, sets the committee agenda for each meeting. Attendance at standing committee meetings by non-committee members is permissible.

D. Committee Reports

Following committee meetings, oral reports of such meeting shall be provided to the full Board, at the Board meeting held subsequent to each such committee meeting.

V. Risk Oversight

Management is responsible for assessing and managing risk to the Company, subject to the oversight of the Board. The Board exercises its oversight responsibility directly and through its committees. The Board considers specific risk topics directly, including, but not limited to risks associated with the Company's strategic plan. The Board is kept informed of the committees' risk oversight activities through periodic reports to the Board. The Board and its committees meet regularly with members of management responsible for managing risk. The committees' oversight of risks include the following:

- The Audit Committee has primary responsibility for overseeing risks associated with the Company's financial and accounting systems, accounting policies, and investment strategies, in addition to finance-related public reporting, regulatory compliance, and certain other matters delegated to the committee, including risks associated with the manufacturing and production of the Company's approved products, product promotion, human resources, and the Company's data security and information systems and technology (including cybersecurity).
- The Compensation Committee has primary responsibility for overseeing risks relating to the Company's compensation policies and practices to help ensure that these policies and practices do not incentivize employees to take risks that are reasonably likely to have a material adverse effect on the Company.
- The Governance Committee has primary responsibility for overseeing risks relating to environmental, social, and corporate governance matters affecting the Company.

VI. Leadership Development

A. Evaluation and Approval of Compensation of the Chief Executive Officer

As part of its annual evaluation of the CEO, the Compensation Committee shall evaluate the CEO against the performance objectives of the prior year (if applicable) and approve the compensation for the CEO for the following year, all of which shall be subject to ratification by the independent Directors meeting in executive sessions. The forward-looking objectives, current evaluation, and compensation, as so ratified shall be communicated to the CEO by the Chairperson of the Board.

B. Formal Evaluation and Approval of Compensation of Other Executive Officers

The Compensation Committee shall perform an annual evaluation of the other executive officers against the performance objectives of the prior year (if applicable), set forward-looking objectives, and approve compensation for the other executive officers for the following year.

C. Succession Planning

The Board maintains responsibility for succession to the position of the CEO and other key members of the executive management team and the Governance Committee will oversee the succession planning process. To assist the Board in this process, the CEO shall periodically provide the Board with an assessment of the performance of members of senior management and their potential to assume the position of CEO, and other key positions within the Company. The CEO, in consultation with the Governance Committee, will also recommend to the Board an emergency succession plan, which shall cover events such as the unexpected departure, disability or death of the CEO or other key members of senior management.

VI. Other Matters

A. Board Effectiveness

Directors shall annually evaluate the performance and effectiveness of the Board as a whole, its committees, and its members. The Governance Committee shall assume primary responsibility for overseeing the assessment process. Each committee's evaluation should include a review of its compliance with its committee charter. All Directors are free to make suggestions for improving the Board's practices at any time and are encouraged to do so.

B. Director Compensation

Directors who are also employees of the Company do not receive additional compensation for Board service. Nonemployee Directors receive compensation for their Board and committee service. The Compensation Committee conducts periodic reviews, in consultation with outside consultants, and recommends to the Board appropriate compensation for non-employee Directors serving on the Board and its committees based, in part, on Director compensation in relation to peer companies. Proposed changes to Director compensation should come upon the recommendation of the Compensation Committee, but with full discussion and agreement of the entire Board. Compensation for nonemployee Directors consists of both cash and equity awards and is provided in accordance with the provisions of the Company's Amended and Restated Nonemployee Director Compensation Guidelines.

C. Stock Ownership by Directors and Named Executive Officers

The Board has adopted Stock Ownership Guidelines applicable to Directors and to the Company's named executive officers. Pursuant to these guidelines, Directors are expected to meet share ownership targets that are determined based on their annual retainer, and named executive officers are expected to meet share ownership targets that are determined based on their annual salary, within five years of the adoption of the guidelines. In addition, Directors and named executive officers who join the Board or the Company after the establishment of the guidelines have five years from such date to reach their target. The share ownership target for Directors is three times (3x) their annual retainer. The share ownership target for the Company's CEO is five times (5x) his or her base salary, while other named executive officers have a target of two times (2x) base salary.

D. Director Orientation and Continuing Education

Management shall provide an orientation process for new Directors within a reasonable time after joining the Board, including background material on the Company and its business. As appropriate, management will also provide opportunities for additional education sessions for Directors on matters relevant to the Company and its business.

E. Confidentiality

The proceedings and deliberations of the Board and its committees, including any and all non-public information entrusted to or obtained by a Director by reason of his or her position on the Board, are confidential and maintaining the confidentiality of Company information and Board deliberations is imperative. All such proceedings, deliberations and discussions and any other information learned during the course of service on the Board shall be held in strict confidence and used solely in furtherance of the Company's business and not for any personal benefit or to benefit persons or entities outside of the Company, in accordance with the Company's Code of Business Conduct and Ethics. These obligations continue even after service on the Board has ended.

F. Fiduciary Duties, Conflicts of Interest and Related Party Transactions

All Directors have fiduciary duties and obligations to the Company and its shareholders. Directors have a duty of due care that requires them to dedicate the time and attention necessary to make careful, thoughtful decisions on behalf of the Company.

Directors also have a duty of loyalty that requires them to exercise their business judgment and act in a manner that they believe is in good faith and in the best interests of the Company and its shareholders. If a Director's personal interests potentially conflict with the interests of the Company, a Director should bring this conflict to the Board's attention, disclose the nature and effect of such potential conflict and recuse himself or herself from voting on or discussing the matter.

The Board recognizes that related-party transactions can present a heightened risk of potential or actual conflicts of interest. Accordingly, and as a general matter, it is the Company's preference to identify and avoid related-party transactions.

The Audit Committee has primary responsibility for conducting the appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis, which includes reviewing and approving in advance, or ratifying, all related-party transactions. In conformance with SEC regulations, the Company defines related persons to include its executive officers, Directors and nominees to become a Director, any person who is known to be a beneficial owner of more than 5% of any class of the Company's voting securities, any immediate family member of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is employed, is a general partner or in which such a person has a 5% or greater beneficial ownership interest.

The Company uses several processes to ensure it identifies and reviews all related-party transactions. First, each executive officer is required to notify either the Company's General Counsel or Chief Financial Officer of any potential transaction that could create a conflict of interest, and the General Counsel or Chief Financial Officer is

required to notify the Audit Committee of the potential conflict. The Directors, CEO, Chief Financial Officer and General Counsel are required to notify the Audit Committee of any potential transaction that could create a conflict of interest. Second, each year Directors and executive officers are required to complete Directors' and officers' questionnaires identifying any transactions with the Company in which the executive officer or Director or their family members have an interest.

The Audit Committee reviews related-party transactions due to the potential for such transactions to create a conflict of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, with the Company's interests. The Board or its committees only approve a related-party transaction if it is determined that a transaction is in the best interests of shareholders or is at least not inconsistent with those interests. This includes situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated party.

G. Board Access to Outside Advisors

The Board and each of its committees may retain outside financial, legal, or other advisors from a source independent of the Company, or its management, at the Company's expense, which they may consider necessary to discharge their responsibilities.

H. Interactions with the Institutional Investors, Press, Customers, Etc.

The Board believes that management generally speaks for the Company. The Chairperson of the Board, Lead Director (if any), or other Directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that these Directors would do this with the knowledge of management and, in most instances, at the request of management.

Shareholders and other interested parties may communicate with Directors by writing to them care of the Secretary of the Company, who will receive the correspondence and deliver as soon as practicable such correspondence to the identified Director(s), in accordance with the Company's Shareholder Communications with Directors Policy. The Secretary will transmit all generated responses to the submitting individual.

The Company's Shareholder Communications with Directors Policy is available on the Company's website.

I. Implementation and Amendment of These Guidelines

The Governance Committee shall have primary responsibility for the implementation of these Guidelines and will review and assess their adequacy at least annually. Any changes to these Guidelines recommended by the Governance Committee may only be approved by the affirmative vote of a majority of the Board.

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