

## **GTC BIOTHERAPEUTICS, INC.**

### **Corporate Governance Guidelines**

The Board of Directors of GTC Biotherapeutics, Inc. (the "Company") believes that a fundamental ingredient of business success and corporate ethical conduct is quality corporate governance. In furtherance of this objective, the Board of Directors of the Company has adopted these Corporate Governance Guidelines.

#### **SELECTION AND COMPOSITION OF BOARD OF DIRECTORS**

##### *Board Membership*

At least a majority of members of the Board of Directors (the "Board") must qualify as independent directors in accordance with the applicable rules of the Nasdaq Stock Market, Inc. (the "Independence Rules"). The Nominating and Governance Committee of the Board is responsible for periodically reviewing with the Board the skills and characteristics of individual Board members as well as the composition of the Board as a whole. This review will include assessment of members' qualifications as "independent" under the Independence Rules, as well as consideration of individual skills, experience and perspective.

Board members must be able to dedicate the time and resources sufficient for the diligent performance of their duties on the Company's behalf and should not hold positions that conflict with their responsibilities to the Company. If a director has any concerns about whether serving as a director of another company or other third party commitments might conflict with his or her duties to the Company, the director should consult the Chair of the Nominating and Governance Committee in advance of accepting such commitment and inform the full committee of the outcome of that consultation.

##### *Selection of New Directors*

The Board is ultimately responsible for presenting Director nominees for election by the stockholders. The Board may delegate to the Nominating and Governance Committee responsibility for identifying, evaluating and nominating candidates for director positions. The Board should neither be too small to maintain the needed expertise and independence nor too large to be efficiently functional. The Board will periodically review the appropriate size and mix of the Board in light of its current composition and its future objectives.

##### *Non-Independent Directors*

Provided that a majority of the Board meets the Independence Rules, the Board may consider for director positions members of senior management, in addition to its Chief Executive Officer, and other individuals who may not meet the Independence Rules. In addition, the Board believes that it may be beneficial for managers that do not serve on the Board to attend board meetings on a regular basis in order to share with the Board their unique company and/or industry specific expertise. It is understood, however, that all matters of corporate governance

will be decided by the directors, after such consultation with management and non-management advisors as the Board may deem appropriate.

#### *Chairman of the Board*

The Board may appoint a Chairman of the Board at its discretion.

#### *Director Term Limits*

The Board does not believe it should establish term limits for directors. While term limits could result in the addition of new directors who could contribute new ideas and viewpoints, term limits hold the disadvantage of forcing the loss of the contribution of directors who over time have developed increased insight into the Company and its operations. The Board believes that an ongoing process of director evaluation and education will ensure appropriate membership on the Board without arbitrarily forcing the removal of valuable directors.

#### *Retirement Policy*

The Board does not believe that it should establish a mandatory retirement age for directors or otherwise mandate the retirement of directors based on factors that are not directly related to a director's capacity to serve effectively. Instead, director qualifications will be reviewed periodically by the Nominating and Governance Committee to ensure that qualified directors are nominated for membership on the Board.

## **DIRECTOR RESPONSIBILITIES AND COMMITTEES**

#### *Director Responsibilities*

Directors must exercise their business judgment, consistent with their fiduciary duties, to act in a manner they reasonably believe is in the best interests of the Company and its stockholders. In fulfilling that responsibility, directors may ask such questions and conduct such investigations as they deem appropriate, and may request the assistance of outside advisors. The Board may request that certain members of senior management attend all or any portion of a Board or committee meeting and will schedule presentations by managers who can provide additional insight based on their personal involvement in the matter or their particular expertise. The Board may reasonably rely on the information provided to them by the Company's senior executives and outside advisors and auditors.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, to spend the time needed to prepare for such meetings and to meet as frequently as they deem necessary to properly discharge their responsibilities. In addition, directors should stay abreast of the Company's business and markets.

### *Committees of the Board*

The Board will establish committees from time to time to facilitate and assist in the execution of its responsibilities. These committees shall generally address issues that, because of their complexity and technical nature, level of detail and time requirements or because of proper corporate governance principles cannot be adequately addressed at larger board meetings.

The Board will have at all times the following standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. All of the members of these committees will be "independent" directors, as defined by the Independence Rules applicable to such Committees. Committee members and committee Chairs will be appointed by the Board upon the recommendation of the Nominating and Governance Committee.

Each of the foregoing standing committees will have its own written charter. The charters will set forth the purpose, authority and responsibilities of the committees, committee structure and how the committee reports to the Board. The charters of each standing committee will be reviewed periodically by the respective committee and the Board, with a view toward maximizing the effective functioning of these committees.

The Board may, from time to time, establish or maintain additional committees as it deems appropriate and delegate to such committees such authority permitted by applicable laws and the Company's by-laws.

### *Meetings*

The Chairman of the Board, in consultation with other members of the Board, will determine the frequency and length of Board meetings. It is the Board's view that regular meetings at appropriate intervals are desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, additional unscheduled meetings may be called upon appropriate notice at any time to address any special needs.

The Chair of each committee, in consultation with the committee members, the Board and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Upon request of any director, the agendas and meeting minutes of the committees will be shared with the full Board. Any director that is not a member of a particular committee may attend any committee meeting with the concurrence of the committee Chair.

Agendas and other information are important to the Board's understanding of the business to be conducted at a Board or committee meeting. The Chairman of the Board and the Chair of each committee (as the case may be) shall, in consultation with the appropriate directors and management, develop the agenda for each meeting. Agendas and accompanying materials should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Each Board member is free to suggest the inclusion of items on the agenda and each Board member is free to raise subjects that are not on the agenda for that meeting.

It is the Board's view that it is important to meet in sessions both with and without management present. Accordingly, the independent directors will meet in regular executive sessions.

#### *Speaking on behalf of the Company*

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate on the Company's behalf with third parties. It is expected that Board members will do this with the knowledge of management and, unless warranted by unusual circumstances or as contemplated by the committee charters, only at the request of management.

#### *Conflicts*

The directors are subject to the Company's Code of Business Conduct and Ethics. In addition, with respect to any matter under discussion by the Board or a committee, directors must disclose to the Board any potential conflicts of interest they may have and, if appropriate, refrain from voting on a matter in which they may have a conflict.

## **BOARD COMPENSATION AND PERFORMANCE**

#### *Director Compensation Policy*

The Board is responsible for establishing director compensation. The Board believes that directors should be fairly compensated for undertaking the responsibilities associated with serving as a director. At the same time, director compensation should be consistent with market practices generally.

The Board delegates to the Compensation Committee responsibility for periodically assessing market practices for director compensation. In addition, the Nominating and Governance Committee evaluates director compensation in the context of evaluating director recruitment and retention. The Board will review director compensation at least as often as annually.

#### *Performance Evaluations*

The Board, with assistance from the Nominating and Governance Committee, will periodically conduct a self-evaluation to determine whether the Board and its committees are functioning effectively. The Board will discuss the evaluation to determine what action, if any, could improve Board and committee performance. The Board, with the assistance of the Nominating and Governance Committee, shall periodically review these Corporate Governance Guidelines to determine whether any changes are appropriate.

#### *Orientation and Continuing Education*

The Board has an ongoing education process for directors that includes written materials on the Company's products, businesses, markets and initiatives; meetings with and presentations by

senior management; and regular updates on relevant legal, accounting and governance matters by both internal and external advisors. The Board, or the Company at the Board's direction, will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors. If and when continuing education rules are developed by the Nasdaq National Market, all directors shall comply with those rules.

### **CEO EVALUATION**

The Board annually establishes performance objectives for the CEO. In addition, the Board receives regular updates from management concerning the Company's progress toward achieving corporate goals.

The Board delegates to the Compensation Committee responsibility for evaluating the CEO's compensation, which evaluation includes review of the CEO's performance against the annual performance objectives for the year.

### **ACCESS TO MANAGEMENT AND ADVISORS**

Each director is encouraged to keep informed of the affairs of Company matters between board meetings through direct contact with members of senior management. Each director shall have complete access to any such employee.

The Board and each Board committee shall have the power and authority to hire legal, accounting, financial or other advisors as they may deem necessary in their best judgment, without the need to obtain the prior approval of any officer of the Company. The Chief Financial Officer of the Company will arrange for payment of the invoices of any such third party.