

**DEPARTMENT: CORPORATE****SOP# I-060**Revision: 1.2  
Effective Date: February 15, 2022Prepared by: General Counsel  
Approved by: Board**Title: CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Alto Ingredients, Inc. (the “Company”), to assist the Board and its committees in the exercise of their respective responsibilities. Although these Guidelines should be interpreted in the context of all applicable laws, regulations and listing requirements of the NASDAQ Capital Market, as well as the Company’s Certificate of Incorporation and Bylaws, as the same may be amended or restated from time to time, they are not, subject to any contractual or other commitments of the Company, intended to establish by their own force any legally binding obligations. The Board will periodically review these Guidelines in light of evolving circumstances or as required by applicable laws and regulations.

**ROLE OF THE BOARD OF DIRECTORS**

The basic responsibility of the Board is to be the ultimate decision-making body of the Company except with respect to those matters reserved to the vote of the Company’s stockholders. Directors are responsible for exercising their business judgment and acting in good faith in a manner that they believe to be in the best interests of the Company and its stockholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In discharging these obligations, directors should be entitled to rely on the honesty and integrity of, and information, representations and documentation provided by, the Company’s officers and other employees, its advisors, the Company’s independent registered public accounting firm and any consultant or professional retained by management, the Board or any committee of the Board. The directors are also entitled to (i) have the Company purchase reasonable directors’ and officers’ liability insurance on their behalf, and (ii) the benefits of indemnification to the fullest extent permitted by law and Company’s Certificate of Incorporation, Bylaws and any indemnification agreements.

In furtherance of its general responsibilities, the Board shall:

- Monitor the effectiveness of management policies and decisions and execution of management strategies.
- Select and evaluate the Chief Executive Officer (“CEO”) and oversee management succession planning.
- Review, approve and monitor fundamental financial and business strategies and major corporate actions.
- Assess major risks facing the Company and reviewing options for their mitigation.

- Ensure processes are in place for maintaining the integrity of the Company, its financial statements, its compliance with law and ethics, its relationships with employees, its relationships with customers and suppliers, and its relationships with investors and stockholders.

## **COMPOSITION OF THE BOARD**

- The Company's Bylaws specify that the Company shall have seven directors until changed by resolution of the Board. The Board has set, by resolution, the number of directors at seven members and believes that this number of directors is appropriate based on the Company's present circumstances. The Board, through the Nominating and Corporate Governance Committee, periodically evaluates whether a different number or range would better serve the Company's goals and needs, including the goals reflected in these Guidelines.
- The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications of potential director candidates and recommending to the Board those candidates to be nominated for election to the Board. The Nominating and Corporate Governance Committee will consider a number of factors including the individual's background, skills and abilities, whether such characteristics qualify the individual to fulfill the needs of the Board at that time and other factors contained in the Nominating and Corporate Governance Committee Charter.
- The Board may fill vacancies in existing or new director positions. Such directors are elected by the Board to serve only until the next election of directors by the stockholders.
- Any stockholder who beneficially owns more than one percent of the Company's then-outstanding shares of common stock and that has beneficially owned those shares for at least one year may propose nominees for consideration by the Nominating and Corporate Governance Committee. The Committee will evaluate such recommendations applying the criteria set forth in the charter of the Nominating and Corporate Governance Committee.
- The Board believes that it should be composed of directors with varied, complementary backgrounds, and that directors should, at a minimum, exhibit proven leadership capabilities and experience at a high level of responsibility within their chosen fields, and have the ability to quickly grasp complex principles of business, finance and ethanol production and marketing. Directors should possess the highest personal and professional ethics, integrity and values and should be committed to representing the long-term interests of the Company's stockholders.
- It is the policy of the Company that the Board consist of at least a majority of independent directors who either meet or exceed the independence requirements of The NASDAQ Stock Market ("NASDAQ"). The Board will consider all relevant facts and circumstances in making a determination of independence for each director and may

consider, as appropriate, imposing independence requirements more stringent than those required by NASDAQ.

- The Board will periodically appoint a Chairman of the Board with the approval of a majority of the directors then in office or as otherwise provided in the Company's Bylaws.
- Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. The Board does not believe that directors who retire from or change their principal occupation, business association or position should necessarily leave the Board; however, there should be an opportunity for the Board and the Nominating and Corporate Governance Committee to review the appropriateness of continued Board membership under the changed circumstances.
- The Board does not have a general policy with respect to the separation of the offices of the Chairman of the Board and CEO. The Board believes that this issue is best addressed as part of the Company's overall succession planning process, and that it is in the best interests of the Company for the Board to make any determination regarding separation of such offices on a case-by-case basis upon the election of a new Chairman of the Board or CEO.
- The Board will appoint a Lead Independent Director, nominated by the independent directors, whenever the offices of Chairman and CEO are held by the same individual, and at other times if requested by the independent directors. The Lead Independent Director will coordinate the activities of the other independent directors and perform such other duties and responsibilities as the Board of Directors may determine.
- The Board believes it should not establish term limits as this restriction holds the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.
- Any incumbent nominee for director in an uncontested election (i.e., an election where the only nominees are those recommended by the Board) who receives a greater number of votes "against" his or her election than votes "for" such election (a "Majority Against Vote") shall promptly tender his or her resignation following certification of the shareholder vote. The Nominating and Governance Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept the tendered resignation or to take some other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the Majority Against Vote. In making this recommendation, the Committee will consider all factors deemed relevant by its members including, without limitation, the underlying reasons why shareholders voted against the director (if ascertainable), the length of service and qualifications of the director whose resignation has been tendered, the director's contributions to the Company, whether by accepting such resignation the Company will no longer be in compliance with any

applicable law, rule, regulation or governing document, and whether or not accepting the resignation is in the best interests of the Company and its shareholders. Any director who tenders his or her resignation pursuant to this provision will not participate in the Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. However, such director shall remain active and engaged in all other Committee and Board activities, deliberations and decisions during this Committee and Board process.

- All new directors are required to participate in an orientation program. This orientation will include presentations by senior management and directors to familiarize new directors with the Company's business, its compliance programs, its ethics program, its principal officers, its independent registered public accounting firm and its principal outside legal counsel (if applicable). As part of a program of director continuing education, the General Counsel and the Chief Financial Officer will be responsible for periodically providing materials or briefing sessions for all directors on subjects that would assist them in their duties.

## **COMMUNICATIONS WITH STOCKHOLDERS**

The Board believes that the Chairman of the Board and senior management speak for the Company. Individual directors occasionally may meet or otherwise communicate with the stockholders and various constituencies involved with the Company, but it is expected that directors would do this with the knowledge of management and, absent unusual circumstances, at the request of management.

## **DIRECTOR COMPENSATION**

The Compensation Committee will review the form and amount of director compensation annually and recommend any changes to the Board. Non-employee directors are expected to receive a substantial portion of their annual compensation in the form of equity. Employee directors are not paid additional compensation for their services as directors.

## **DIRECTOR RESPONSIBILITIES**

- All directors are expected to attend the Company's annual meeting of stockholders.
- The Board will meet at least four times per year. Additional meetings will be held as needed and will be called in accordance with the Company's Bylaws. In appropriate circumstances, the Board may also act by written consent, as permitted by the Company's Bylaws. Directors are expected to prepare for, attend and participate in all Board and applicable committee meetings, and to spend the time needed to meet as often as necessary to discharge their obligations properly.
- In preparing the agenda for each Board meeting, the Chairman of the Board will solicit and collect possible agenda items from other members of the Board and from senior management. Each Board committee and each individual director is encouraged to suggest items for inclusion on the agenda. The Board, however, will ultimately be

responsible for its own agenda. An agenda will be distributed in advance of each meeting to each director. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

- Appropriate officers and others may be invited by the Chairman of the Board or the CEO to attend the general session of the regular meetings of the Board.
- It is the policy of the Board that the independent directors have the ability to meet before or after every regularly scheduled Board meeting to discuss such matters as the independent directors consider appropriate.

### **ACCESS TO EMPLOYEES AND THE COMPANY'S OUTSIDE ADVISORS**

The Company's executive management will provide the Board, the independent directors as a group, and the Board's committees with access to Company employees and the Company's independent registered public accounting firm and legal advisors to ensure that directors can obtain all information necessary to fulfill their duties. The Board will specify protocols for making such inquiries and contacts. In general, outside the context of Board and committee meetings and executive sessions of the independent directors where employees and advisors are present, except in unusual circumstances, directors should coordinate their inquiries and contacts through the Chairman of the Board. The Chairman of the Board in turn will, in the absence of unusual circumstances, normally route such inquiries to the CEO, or to the Chief Financial Officer or to the General Counsel, and will normally arrange such contacts with Company employees through the CEO and the business unit head or functional area head to whom such employee reports.

The Board, the Chairman of the Board, each committee of the Board and the independent directors as a group may retain and have access to independent legal, financial or other advisors of their choice with respect to any issue relating to their activities at the Company's expense, which advisors shall report directly to the retaining person or entity.

### **BOARD COMMITTEES**

- The Board currently has as standing committees an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Board may add special committees or remove special committees from time to time as it deems advisable for purposes of fulfilling its primary responsibilities. Each standing committee will have a charter that sets forth the purposes, goals and responsibilities of the committee, committee structure and operations, and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. The full authority and responsibilities of each committee may be fixed by the Company's Bylaws, resolutions of the full Board and the committee's charter.
- The Board, through or with the Nominating and Corporate Governance Committee's recommendation, will designate the members and Chair of each committee, endeavoring to match the committee's function and needs for expertise with the individual skills and experience of the appointees to the committee. The Audit, Compensation, and

Nominating and Corporate Governance Committees shall consist solely of independent directors who meet the independence requirements of NASDAQ. Members of the Audit and Compensation Committees shall also meet any additional criteria for independence, financial literacy, expertise and experience that applicable law, the SEC, and NASDAQ rules may require for those committees. If any director ceases to be independent under the standards set forth herein while serving on any committee whose members must be independent, he or she shall promptly resign from that committee.

- The frequency, length and content of committee meetings and other matters of committee governance will be determined by each committee in light of such committee's charter and legal, regulatory, accounting or governance principles applicable to such committee's function. The Company will provide each committee with access to Company employees and the Company's independent registered public accounting firm and legal advisors and other resources, as requested, to enable the committee to carry out its responsibilities. Minutes of each committee meeting will be made available to each Board member to assure that the Board remains fully apprised of topics discussed and actions taken. The Chair of each committee will report at Board meetings on committee actions, as appropriate.
- All non-management directors who are not members of a committee may attend and observe meetings of such committee, but shall not participate in any discussion or deliberation unless invited to do so by such committee, and in any event shall not be entitled to vote. Each committee may, at its discretion and at the invitation of the chair of such committee, include in its meetings members of the Company's management, representatives of the Company's outside advisors, any other personnel employed or retained by the Company or any other persons whose presence the committee believes to be necessary or appropriate. Notwithstanding the foregoing, each committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director who is not a member of such committee.

## **BOARD EVALUATION**

The Board should undertake an evaluation of the Board, its committees and each member at least annually to determine whether it and its members and committees are functioning effectively. The Nominating and Corporate Governance Committee is responsible for coordinating and overseeing the annual Board evaluation process in accordance with the charter of that committee.

## **ETHICS AND CONFLICTS OF INTEREST**

The Board expects Company directors, officers and employees to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Ethics. In the absence of exceptional circumstances, the Board will not permit any waiver of any ethics policy for any director or executive officer. If a director becomes aware that he or she has a conflict of interest with the Company (or that a significant potential exists that he or she will have a conflict of interest with the Company in the foreseeable future), the director shall promptly inform the Chair of the Audit Committee. If a significant ongoing long-term conflict exists and cannot be resolved, the



director should offer to resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board, through the Audit Committee, will be responsible for resolving or addressing any conflict of interest question involving the CEO or any other Board-elected officer, and the CEO will be responsible for resolving or addressing any conflict of interest issue involving any other employee of the Company.

### **FINANCIAL REPORTING, LEGAL COMPLIANCE AND ETHICAL CONDUCT**

The Board's governance and oversight functions do not relieve the Company's executive management of its primary responsibility for preparing financial statements that accurately and fairly represent the Company's financial results and condition. Executive management shall maintain systems, procedures, controls and a corporate culture that promote the accuracy of the Company's financial reports and compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

### **REPORTING OF CONCERNS TO NON-EMPLOYEE DIRECTORS OR COMMITTEES**

Anyone who has a concern about the conduct of the Company or any of its officers or employees, or about the Company's accounting, internal controls, disclosure controls and procedures, auditing, compensation and governance matters may communicate that concern directly to the Audit Committee. Communications of this type may be confidential or anonymous, and may be communicated in the manner posted from time to time on the Company's website. Concerns relating to accounting, internal controls, disclosure controls and procedures, auditing matters, fraud or deceptive financial practices shall be forwarded to the Chair of the Audit Committee. The Company's policies prohibit retaliation or adverse action against anyone for raising or helping to resolve an integrity concern.

### **MANAGEMENT REVIEW AND SUCCESSION PLANNING**

The Compensation Committee should conduct, and review with the Board, an annual evaluation of the performance of all executive officers, including the CEO. The Compensation Committee is expected to use this review in the course of its deliberations when considering the compensation of the CEO and senior management. The Board also reviews the CEO's performance evaluation to ensure that the CEO is providing effective leadership of the Company. As part of the annual evaluation, the Board and CEO should conduct an annual review of management development and succession planning for senior management, including the CEO.