

## K2M GROUP HOLDINGS, INC.

### CORPORATE GOVERNANCE GUIDELINES

#### INTRODUCTION

The Board of Directors (the “Board”) of K2M Group Holdings, Inc. (the “Company”) has adopted these corporate governance guidelines, which describe the principles and practices that the Board will follow in carrying out its responsibilities. These guidelines will be reviewed by the Board or Nominating and Corporate Governance Committee from time to time to ensure that they effectively promote the best interests of both the Company and the Company’s stockholders and that they comply with all applicable laws, regulations and stock exchange requirements.

#### A. Role and Responsibility of the Board

The Board directs and oversees the management of the business and affairs of the Company in a manner consistent with the best interests of the Company, and its stockholders. In this oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Company.

#### B. Board Composition, Structure and Policies

1. ***Independence of Directors.*** The Company defines an “independent” director in accordance with Section 5605 of the NASDAQ Listing Rules. The Board shall make an affirmative determination at least annually as to the independence of each director. The NASDAQ independence definition includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for determining affirmatively, as to each independent director, that no material relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board will broadly consider all relevant facts and circumstances, including information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to the Company and the Company’s management. As the concern is independence from management, the Board does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding.
2. ***Selection of Chairperson of the Board and Chief Executive Officer.*** The Board shall select its chairperson (“Chairperson”) and the Company’s Chief Executive Officer (“CEO”) in any way it considers in the best interests of the Company. Therefore, the Board does not have a policy on whether the role of Chairperson and CEO should be separate or combined and, if it is to be separate, whether the Chairperson should be selected from the independent directors.

3. ***Director Qualification Standards.*** The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications of potential director candidates and selecting, or recommending for the Board's selection, those candidates to be nominated for election to the Board. It is expected that the Nominating and Corporate Governance Committee will conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates. It is expected that the Board will consider (a) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought and an ability to work collegially and (b) all other factors it considers appropriate, which may include diversity, existing commitments to other businesses, potential conflicts of interest with other pursuits, legal considerations such as antitrust issues, corporate governance background, various and relevant career experience, relevant technical skills, relevant business or government acumen, financial and accounting background, executive compensation background and the size, composition and combined expertise of the existing Board. The Board should monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure. Stockholders may also nominate directors for election at the Company's annual stockholders meeting by following the provisions set forth in the Company's bylaws, whose qualifications will be considered.

The Nominating and Corporate Governance Committee will evaluate candidates for nomination to the Board, including those recommended by shareholders on a substantially similar basis as it considers other nominees. In that connection, the Nominating and Corporate Governance Committee shall adopt procedures for the submission of recommendations by shareholders as deemed appropriate.

4. ***Change in Present Job Responsibility.*** Directors should offer to resign upon a significant change of the director's principal current employer or principal employment, or other similarly significant change in professional occupation or association. The Board shall determine the action, if any, to be taken with respect to the offer to resign.
5. ***Director Orientation and Continuing Education.*** Management, working with the Board, will provide an orientation process for new directors and coordinate director continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. As appropriate, management shall prepare additional educational sessions for directors on matters relevant to the Company and its business. Directors are also encouraged to participate in educational programs relevant to their responsibilities, including programs conducted by universities and other educational institutions.

6. **Lead Director.** Whenever the Chairperson of the Board is also the Chief Executive Officer or is a director who does not otherwise qualify as an “independent director”, the independent directors may elect from among themselves a Lead Director of the Board. The Lead Director will be elected by a plurality vote and will serve until the Board meeting immediately following the next annual meeting of stockholders, unless otherwise determined by the Board. Service as Lead Director, however, generally should not exceed five consecutive years but is subject to the Board’s discretion to set other guidelines in specific instances. A description of the position of Lead Director is set forth in Annex A to these guidelines.
7. **Term Limits.** The Board does not have a policy to impose term limits for directors because such a policy may deprive the Board of the service of directors who have developed, through valuable experience over time, an increasing insight into the Company and its operations.

### C. Board Meetings

1. **Frequency of Meetings.** The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board.
2. **Selection of Board Agenda Items.** The Chairperson of the Board, with approval from the Lead Director (if one has been elected), shall set the agenda for Board meetings with the understanding that other members of the Board may provide suggestions for agenda items that are aligned with the advisory and monitoring functions of the Board. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairperson of that committee. Any member of the Board may request that an item be included on the agenda.
3. **Access to Management and Independent Advisors.** Board members shall have free access to all members of management and employees of the Company. Generally, any meeting or contact that a director wishes to initiate with an employee should be arranged through the Company’s Chief Executive Officer or General Counsel. In addition, Board members may consult with independent legal, financial, accounting and other advisors, at the Company’s expense, as necessary and appropriate and in accordance with the Board committee charters, to assist in their duties to the Company and its stockholders.
4. **Executive Sessions.** To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors will meet in executive session at most Board meetings with no members of management present. If the group of non-management directors includes directors who have not been determined to be independent, the independent directors will meet in a private session at least twice a year. The Lead Director, if any, or a director designated by the non-management or independent directors, as applicable, will preside at such executive sessions.

#### **D. Committees of the Board**

The Board shall have at least the following committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Compliance Committee. Each committee shall have a written charter and shall report regularly to the Board summarizing the committee's actions and any significant issues considered by the committee.

Each of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Compliance Committee shall be comprised of no fewer than the number of members set forth in the relevant committee charter. In addition, each committee member must satisfy the membership requirements set forth in the relevant committee charter. A director may serve on more than one committee.

The Nominating and Corporate Governance Committee shall be responsible for identifying Board members qualified to fill vacancies and appointing the identified member or members to the applicable committee. The Board, taking into account the views of the Chairperson and the Nominating and Corporate Governance Committee, shall designate one member of each committee as chairperson of such committee. Committee chairpersons shall be responsible for setting the agendas for their respective committee meetings.

#### **E. Expectations of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with applicable laws, rules, regulations and listing standards. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. ***Commitment and Attendance.*** All directors are expected to make best efforts to attend all meetings of the Board, meetings of the committees of which they are members and the annual meeting of stockholders. Members are encouraged to attend Board meetings and meetings of committees of which they are members in person but may also attend such meetings by telephone or video conference.
2. ***Participation in Meetings.*** Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Company. The Company has adopted a Code of Business Conduct and Ethics (the “Code”), and directors are expected to adhere to the Code.
4. ***Other Directorships and Significant Activities.*** Serving on the Board requires significant time and attention. Directors are expected to spend the time needed and meet as often as necessary to discharge their responsibilities properly. It is expected that, without specific approval from the Board, no director will serve on more than five public company boards (including the Company’s Board). In addition, directors who also serve as CEOs or in equivalent positions generally should not serve on more than two outside public company boards. Directors should advise the Chairperson and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses, non-profit entities or governmental units.
5. ***Confidentiality.*** The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

#### **F. Management Succession Planning**

The Board will periodically review a succession plan relating to the CEO and other executive officers that is developed by management. The Board may also delegate oversight of the succession plan developed by management to a committee of the Board. The succession plan should include, among other things, an assessment of the experience, performance and skills for possible successors to the CEO.

#### **G. Corporate Governance**

The Board will periodically review the adequacy of the certificate of incorporation and by-laws of the Company and, as conditions dictate, propose amendments to the certificate of incorporation and by-laws. The Board will keep abreast of developments with regard to corporate governance to enable the Board to make changes to these Corporate Governance Guidelines in light of such developments as may be appropriate. In addition, the Board will periodically review policies relating to meetings of the Board. This may include meeting schedules and locations, meeting agendas and procedures for delivery of materials in advance of meetings.

#### **H. Evaluation of Board Performance**

It is expected that the Board will periodically conduct a self-evaluation to determine whether it is functioning effectively and consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively. If the independent directors have elected a Lead Director, he or she is expected to be responsible for the oversight of the Board’s self-evaluation.

## **I. Board Compensation**

The Compensation Committee will review the form and amount of director compensation from time to time and recommend any changes to the Board, as it deems appropriate.

## **J. Communications with Interested Parties**

The CEO is responsible for establishing effective communications with all interested parties, including stockholders of the Company. It is the policy of the Company that management speaks for the Company. This policy does not preclude outside directors, including the Lead Director, if any, from communicating with stockholders or other interested parties, but it is expected that, in most circumstances, any such communications will be coordinated with management.

## **K. Communications with Non-Management Directors**

Anyone who would like to communicate with, or otherwise make his or her concerns known directly to any then-serving Lead Director, the chairperson of any of the Audit, Compensation, Nominating and Corporate Governance or Compliance Committees, or to the non-management or independent directors as a group, may do so by addressing such communications or concerns to the General Counsel of the Company, 600 Hope Parkway SE, Leesburg, Virginia, 20175, who will forward such communications to the appropriate party.

## ANNEX A

### DESCRIPTION OF LEAD DIRECTOR RESPONSIBILITIES

When the Chairperson of the Board is also the Chief Executive Officer (“CEO”) or is a director who does not otherwise qualify as an “independent director” under the Company’s Governance Guidelines, a “Lead Director” may be elected by plurality vote of the independent directors. The Lead Director should generally serve for a minimum of one year. Service as Lead Director, however, generally should not exceed five consecutive years but is subject to the Board’s discretion to set other guidelines in specific instances.

The Lead Director shall help coordinate the efforts of the independent and non-management directors in the interest of ensuring that objective judgment is brought to bear on sensitive issues involving the management of the Company and, in particular, the performance of senior management, and shall have the following authority:

- Preside over all meetings of the Board at which the Chairperson is not present, including any executive sessions of the independent directors or the non-management directors;
- Assist in scheduling Board meetings and approve meeting schedules to ensure that there is sufficient time for discussion of all agenda items;
- Request the inclusion of certain materials for Board meetings;
- Approve of all information sent to the Board;
- Communicate to the CEO, together with the Chairperson of the Compensation Committee, the results of the Board’s evaluation of CEO performance;
- Collaborate with the CEO on Board meeting agendas and approve such agendas;
- Collaborate with the CEO in determining the need for special meetings of the Board;
- Provide leadership and serve as temporary Chairperson of the Board or CEO in the event of the inability of the Chairperson of the Board or CEO to fulfill his/her role due to crisis or other event or circumstance which would make leadership by existing management inappropriate or ineffective, in which case the Lead Director shall have the authority to convene meetings of the full Board or management;
- Be available for consultation and direct communication if requested by major shareholders;

- Act as the liaison between the independent or non-management directors and the Chairperson of the Board, as appropriate;
- Call meetings of the independent or non-management directors when necessary and appropriate; and
- Recommend to the Board, in concert with the chairpersons of the respective Board committees, the retention of consultants and advisors who directly report to the Board, including such independent legal, financial or other advisors as he or she deems appropriate, without consulting or obtaining the advance authorization of any officer of the Company.