

CLEARONE INC.

RELATED PARTY TRANSACTIONS POLICY

The Board of Directors ("Board") of ClearOne, Inc. ("the Company") has adopted the following policy and procedures with regard to Related Party Transactions, as defined below. The Board will review and may amend this policy from time to time.

Purpose

This policy is intended to enable ClearOne's Audit and Compliance Committee ("the Committee") to consider the approval and reporting of transactions between the Company and any of its directors, nominees for director, Executive Officers or Significant Shareholders or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interest of the Company and Company's shareholders. In addition, the Committee and the Board shall review any Related Party Transactions involving non-employee directors as part of the annual determination of their independence.

Definitions

- "Executive Officer" means any person who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, as designated by the Board.
- "Chair" means the Chair of the Company's Audit and Compliance Committee.
- "Immediate Family Member" means a child, stepchild, parent, step parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a director, nominee for director, Executive Officer or Significant Shareholder, and any person other than a tenant or employee sharing the household of such director, nominee for director, Executive Officer or Significant Shareholder.
- "Related Party" means any person who is or at any time since the beginning of the Company's last fiscal year was:
 - a) A director, nominee for director or Executive Officer of the Company; or
 - b) A Significant Shareholder; or
 - c) An Immediate Family Member of any of the foregoing persons.
- "Related Party Transaction" means:
 - a) Any transaction directly or indirectly involving any Related Party that would be required to be disclosed under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. Item 404(a) currently requires the Company to disclose any transaction occurring since the beginning of its last fiscal year, or any currently proposed transaction, involving the Company, any majority-owned subsidiary of the Company, including joint ventures, or any minority-owned subsidiary, including joint ventures, controlled by the Company, in which the amount involved exceeds \$120,000, and in which any Related Party had or will have a direct or indirect material interest; and
 - b) Any material amendment or modification to an existing Related Party Transaction regardless of whether such transaction has previously been approved in accordance with this policy.
- "Significant Shareholder" means an entity or person known by the Company to be the beneficial owner of more than 5 percent of any class of the Company's voting securities.

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- Any transaction that involves the providing of compensation to a director or Executive Officer in connection with his or her duties to the Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Indemnification and advancement of expenses made pursuant to the Company's Articles of Incorporation or Bylaws or pursuant to any agreement.
- Contributions by the Company or any of its affiliates to a charitable organization, foundation or university at which a Related Party is a trustee, director, or employee other than an officer (or comparable position), provided that the contribution does not exceed \$10,000.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Policy

All Related Party Transactions must be reported to the Chair and referred for approval or ratification by the Committee in accordance with this policy.

This policy is in addition to the provisions dealing with conflicts of interest in the Company's [Code of Ethics](#).

Identification of Potential Related Party Transactions

Each director, nominee for director and Executive Officer is responsible for providing written notice to the Chair of any potential Related Party Transaction involving him or her or his or her Immediate Family Member, including any additional information about the transaction that the Chair may reasonably request. The Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy, in consultation with outside counsel, if appropriate.

In addition, each director, nominee for director and Executive Officer is required to complete a questionnaire in connection with the annual proxy statement that asks about their Immediate Family Members and any current, past and proposed Related Party Transactions.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Chair have adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority.

Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however.

Review and Approval of Related Party Transactions

Related Party Transactions will be referred by the Chair to the Committee for review and approval or ratification. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from voting on the approval or ratification of the Related Party Transaction, but may participate in all or a portion of the Committee's discussions of the Related Party Transaction, if requested by the Chair.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve or ratify a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director, nominee for director or Executive Officer of the Company, taking into account the size of the transaction, the overall financial position of the director, nominee for director, Executive Officer or other Related Party, the direct or indirect nature of the director's, nominee's, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant;

In any case where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

If the Committee or its Chair determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Policy Interpretation and Amendments

The Committee is responsible for interpreting and updating this policy as required. The Chair may authorize variations in the procedures set forth in this policy, provided that those variations are consistent with the general purpose of this policy and applicable securities laws. Any such variations must be confirmed in writing.

This policy has been adopted by the Board. Any amendment to the terms of this policy must be approved by the Committee and the Board.

[This policy was adopted by the Board of Directors of ClearOne Inc on January 18, 2017.](#)