



NATURAL GROCERS BY VITAMIN COTTAGE, INC. CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Natural Grocers by Vitamin Cottage, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. The Board intends that these Guidelines serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations, and should be interpreted in the context of all applicable laws and the Company’s Amended and Restated Certificate of Incorporation (as amended from time to time, the “Certificate of Incorporation”), Amended and Restated Bylaws (as amended from time to time, the “Bylaws”) and other corporate governance documents. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable laws, regulations and listing standards.

1. ROLE OF BOARD AND MANAGEMENT

The Company’s business is conducted by its employees and officers, under the direction of its Co-Presidents and the oversight of the Board to enhance the long-term value of the Company for its stockholders. The Board recognizes that the long-term interests of stockholders are advanced by taking into consideration, as appropriate, the concerns of other stakeholders, including associates, customers, suppliers, the public and members of the communities in which the Company operates.

2. FUNCTIONS OF BOARD

The basic responsibility of the directors is to exercise their business judgment to act on an informed basis in what they reasonably believe to be the best interests of the Company and its stockholders, and to conduct themselves in accordance with their duties of care and loyalty. The Board has regularly scheduled meetings during the year at which it reviews and discusses the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to attend all scheduled Board and relevant committee meetings, barring special circumstances.

3. QUALIFICATIONS

The Board will identify qualified candidates for Board membership based primarily on the following criteria:

- Judgment, character, expertise, skills and knowledge useful to the oversight of the Company’s business;
- Diversity of viewpoints, backgrounds and experiences;
- Business or other relevant experience; and

- The extent to which the integrity of the candidate’s expertise, skills, knowledge and experience with that of the other Board members will build a Board that is effective, collegial and responsive to the needs of the Company.

Directors should devote the time and effort necessary to fulfill their duties and responsibilities, and should be prepared to serve on the Board for an extended period of time. Directors should offer their resignation if in their reasonable judgment any significant change in their personal circumstances, including a fundamental change in their principal job or other professional responsibilities, makes them unable to devote sufficient time to their responsibilities as a Board member.

Due to the demanding nature of service on the Audit Committee of the Company, a member of such committee may not serve on the audit committees of the boards of directors of more than two other companies at the same time as she or he is serving on the Audit Committee of the Company, unless the Board determines that such service would not impair the ability of such member to effectively serve on the Audit Committee of the Company.

Service on other boards and committees should be consistent with the Company’s conflict-of-interest policies as set forth below.

4. INDEPENDENCE OF DIRECTORS

The Board will review annually the relationships that each director has with the Company to determine whether each director qualifies as an Independent Director (an “Independent Director”) under the listing standards of the New York Stock Exchange (the “NYSE”). Directors who are not Independent Directors, including current and former members of management, make valuable contributions to the Board and to the Company by reason of their experience and wisdom, and the Board expects that certain members of its Board will not be Independent Directors, namely those who are employees of the Company or who may be members of the Isely family.

Only those directors who the Board affirmatively determines have no direct or indirect material relationship with the Company (directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to any additional qualifications prescribed under the listing standards of the NYSE. A material relationship is one that would interfere with the director’s exercise of independent judgment in carrying out his or her duties and responsibilities as a director. The ownership of even a significant amount of stock, by itself, is not a bar to an independence finding.

In accordance with the Sarbanes-Oxley Act, the Company will not make any personal loans or extensions of credit to directors or executive officers.

5. SIZE OF BOARD AND SELECTION PROCESS

Pursuant to the Bylaws, the number of directors shall be fixed from time to time by the Board. The directors are elected by the stockholders of the Company at the annual meeting of stockholders. The Board is divided into three classes, and the term of directors in each class is three years. Each year, at the annual meeting, the Board will recommend a slate of directors for

the class whose term of office is expiring for election by the stockholders. In accordance with the Certificate of Incorporation, the Board will also be responsible for filling vacancies or newly created directorships on the Board that may occur between annual meetings of stockholders.

6. BOARD COMMITTEES

The Board has established an Audit Committee (consisting of at least three members) and a Compensation Committee to assist the Board in discharging its responsibilities. From time to time, the Board may form a new committee, disband, or re-constitute a current committee, depending upon the circumstances (including applicable laws and the rules and regulations of the NYSE). The committees will regularly report material summaries of their meetings to the Board. Each committee shall annually review its charter and recommend to the Board any changes it deems necessary in such charter.

7. INDEPENDENCE OF COMMITTEE MEMBERS

The Audit Committee shall be composed entirely of Independent Directors and each member shall satisfy the independence and expertise requirements of the NYSE and the Sarbanes-Oxley Act.

8. LEAD DIRECTOR

From time to time, the Independent Directors may determine that the Board should have a lead Independent Director (a “Lead Independent Director”). In the event that the Independent Directors make such a determination, they shall designate the Lead Independent Director whose duties may include assisting the Chairman of the Board and Board in assuring compliance with and implementation of these Guidelines, coordinating the agenda for and moderating sessions of the Board’s non-management directors and acting as principal liaison between the non-management directors and the Chairman of the Board on sensitive issues.

9. MEETINGS OF NON-MANAGEMENT DIRECTORS AND INDEPENDENT DIRECTORS

Non-management directors (all of those who are not “officers” of the Company, as such term is defined by NYSE listing standards) shall meet in an executive session at each regularly scheduled Board meeting and, if any of the non-management directors is not an Independent Director, the Independent Directors shall also meet in an executive session at least once a year. The Lead Independent Director will preside at such meetings, or if there is not a Lead Independent Director, the Independent Directors shall establish a process by which a presiding Independent Director is selected for each such executive session.

10. ANNUAL PERFORMANCE EVALUATION

The Board and each of its committees will perform an annual self-evaluation. These performance evaluations will be discussed annually by the Board.

11. DIRECTOR ATTENDANCE; PARTICIPATION AT MEETINGS; CONFIDENTIALITY; SPEAKING ON BEHALF OF THE COMPANY

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to review materials provided in advance of, and regularly prepare for and attend, meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors), with the understanding that, on occasion, a director may be unable to attend a meeting in person or by teleconference.

Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and risks and competition it faces, to ensure active and effective participation in the deliberations of the Board and each committee on which such director serves.

The proceedings and deliberations of the Board and its committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with such director's service as a director and committee member.

It is important that the Company speak to its associates and outside constituencies with a single voice, and that management serve as the primary spokesperson for the Company. If a situation does arise in which it appears necessary for a non-management director to speak on behalf of the Company, such director should consult with the Chairman of the Board or the Co-Presidents in advance of speaking on behalf of the Company.

12. SETTING BOARD AND COMMITTEE AGENDAS

The Chairman of the Board or committee chair, as appropriate, in consultation with management, shall determine the agenda for each scheduled Board or committee meeting. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman of the Board or appropriate committee chair at any time.

13. CHARITABLE CONTRIBUTIONS

The Company may on occasion make contributions to charitable organizations with which a director is affiliated. All such contributions shall be reasonable in amount. No contribution shall be made if to do so would cause an Independent Director to no longer to be considered an Independent Director.

14. ETHICS AND CONFLICTS OF INTEREST

The Board expects its directors, as well as officers and employees, to acknowledge their adherence to the policies comprising the Company's Code of Ethics (the "Code"). Certain portions of the Code deal with activities of directors, particularly with respect to potential conflicts of interest. Directors should be familiar with the Code's provisions in this area and should consult with the Company's General Counsel in the event of any issues. The Code is posted on the Company's website.

15. REPORTING OF ACCOUNTING OR AUDITING CONCERNS

Anyone who has a concern about the Company's accounting, internal accounting controls or auditing matters may communicate that concern as provided in the Code. Such communications may be confidential or anonymous, and may be emailed, submitted in writing, or reported by phone as provided in the Code. Concerns relating to accounting, internal controls, auditing or officer conduct shall be sent immediately to the chair of the Audit Committee.

16. COMPENSATION OF BOARD

Directors who are employees of the Company shall receive no additional compensation for serving as directors. The Compensation Committee shall have the responsibility for recommending to the Board compensation for non-management directors. The Compensation Committee shall be guided by three general principles in determining the form and amount of director compensation, which principles shall be subject to review as appropriate from time to time. First, compensation should be designed to fairly pay directors for work required of the Company's size and scope. Second, compensation should be designed to align directors' interests with the long-term interests of stockholders. Third, the structure of the compensation should be simple, transparent and easy for stockholders to understand. The Compensation Committee shall periodically review non-management director compensation and benefits.

17. NON-MANAGEMENT DIRECTOR STOCK OWNERSHIP

The Board believes that it is important for each director to have a financial stake in the Company to help align the director's interests with those of the Company's stockholders. To meet this objective, it is the policy of the Board that each non-management director must, at all times during his or her tenure on the Board, accumulate and own, directly or indirectly, the Company's common stock (including vested and unvested restricted stock units under the Omnibus Incentive Plan) having a value equal to at least three times the annual base cash retainer received (without regard to committee appointments); provided, non-management directors will have up to five years of service on the Board to meet this ownership requirement. If the market value of a non-management director's stock should fall below the required threshold (following the five year accumulation period), such director shall not be permitted to sell any of the Company's common stock (other than in connection with a change-of-control transaction) until the market value shall once again exceed the required threshold.

18. SUCCESSION PLAN

The Board shall discuss and establish succession policies, principles and plans for the Co-Presidents and other executive officers, including development of plans for interim succession for the Co-Presidents and senior management. The Co-Presidents should make available to the Board their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

19. ANNUAL COMPENSATION REVIEW OF SENIOR MANAGEMENT

The Compensation Committee shall annually approve the goals and objectives for compensating the Chairman of the Board (if non-management), the Co-Presidents and other executive officers. Such Committee shall evaluate the performance of the Chairman of the Board, the Co-Presidents and other executive officers in light of these goals before setting their salary, bonus and other incentive and equity compensation.

20. ACCESS TO MANAGEMENT

Directors shall have full access to officers and other management-level employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Co-Presidents or directly by such director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. It is the expectation of the Board that the directors will keep the Co-Presidents informed of communications between a director and an officer or other management-level employee of the Company.

21. ACCESS TO INDEPENDENT ADVISORS

The Board and its committees shall have the right at any time to retain independent outside accounting, financial, legal or other advisors.

22. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

Management, working with the Board, shall provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management shall prepare additional educational sessions for directors on matters relevant to the Company and its business.

23. REVIEW OF CORPORATE GOVERNANCE GUIDELINES

The Board will periodically review and, as appropriate, amend, these Guidelines, as well as consider other corporate governance principles that may, from time to time, merit consideration by the Board.

24. STOCKHOLDER COMMUNICATIONS

Stockholders who wish to communicate with non-management directors can address their communications as follows:

Natural Grocers by Vitamin Cottage, Inc.
Attention: Corporate Secretary
12612 West Alameda Parkway
Lakewood, Colorado 80228

The Corporate Secretary will maintain a record of all such communications and promptly forward to the Chairman of the Board those that the Corporate Secretary believes require

immediate attention. The Corporate Secretary shall periodically provide the Chairman of the Board with a summary of all such communications. The Chairman of the Board shall notify the Board or the chairs of the relevant committees of the Board of those matters that he believes are appropriate for further action or discussion.

Approved by the Board on July 19, 2012 and amended on August 5, 2020.