

# Advanced Emissions Solutions, Inc.

NASDAQ: ADES

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## BOARD RESPONSIBILITIES

### Overview of Directors' Functions

The business of Advanced Emissions Solutions, Inc. (the “Company”) shall be managed under the direction of its Board of Directors (the “Board”). The Board is to provide a general governance of the Company’s affairs and provide direction of a quality and nature that optimizes the development, growth, and performance of the Company and its subsidiaries. The Board’s operational responsibility is limited to oversight of management, with specific day-to-day management functions and decision-making delegated to the full-time officers of the Company. The Board operates in conjunction with the Committees of the Board, to which the Board delegates specific authority and responsibilities.

Activities of the Board and Committees of the Board considered essential include:

- Developing and approving major policies and objectives.
- Authorizing major transactions recommended by management.
- Giving advice and counsel to the management of the company, especially the Chief Executive Officer (the “CEO”).
- Ensuring compliance with the law and pertinent regulations.
- Providing effective auditing procedures so that the Board will be adequately informed of the company’s financial and legal status.
- Approving and reviewing financial transactions and reviewing investments at regular intervals, at least annually, to ensure that they comply with all applicable provisions of law.
- Monitoring performance, setting objectives, and measuring management’s results against them, evaluating the accomplishments of management and their activities, and being responsible for the selection and removal of officers.
- Adopting of the annual budget and reviewing financial results at regular intervals.
- Establishing and delegating authorities.
- Keeping informed as to the business in which the company is engaged and remaining knowledgeable as to the company’s business activities

This Board Responsibilities document summarizes certain governance matters related to the Board and Committees of the Board and was adopted by the Board on [August 10, 2016]. This document should be read in conjunction with the Company’s Charter and Bylaws and to the extent there is any inconsistency between this document and the Company’s Charter or Bylaws, the Charter and Bylaws, in that order, shall govern.

## ***Board Structure and Operations***

- Independent Directors. The Board shall consist of at least three independent members and the majority of Directors shall be independent. The NASDAQ rules regarding independence of Directors shall govern including the definition of independence and composition requirements for the Audit Committee (“AC”), Compensation Committee (“CC”) and Nominating and Governance Committee (“NGC”) of the Board. The requirements of this section shall apply even if the Company is not listed on the NASDAQ Stock Market LLC.
- Meeting Attendance. Regular quarterly meetings of the Board and Committees shall be scheduled annually with additional meetings scheduled as necessary. Directors are expected to attend all Board and respective Committee meetings. In addition, Directors shall make their best efforts to attend the Company’s Annual Meetings of Stockholders either in person or telephonically.
- Separation of Roles of CEO and Chairman of the Board. The roles of CEO and Chairman of the Board shall be separate. The Chairman of the Board must be an independent director, based on the independence standards set forth above.
- Committees of the Board. The Board shall establish, maintain and annually review a charter for each of the AC, CC and NGC, which charters shall address authority, responsibilities, structure, operations and other key governance activities. The AC, CC, and NGC shall establish, maintain and annually review responsibilities calendars to address the compliance, including timing, with the respective Committee’s role and responsibilities established in the respective Committee’s charter.
- Director Orientation and Continuing Education. The Company will provide an orientation program for new Directors, and the NGC will oversee a continuing education program for current directors. The NGC shall coordinate training and learning opportunities at quarterly Board meetings.

## ***Duties and Responsibilities of Directors***

In addition to the essential activities of the Board listed above, Directors shall:

- Owe fiduciary duties to the Company and its stockholders.
- Manage the business and affairs of the Company within the law.
- Oversee the Company’s performance.
- Elect the CEO and other officers of the Company.
- Oversee and advise management, refraining from involvement in day-to-day management.
- Approve major Company policies and management decisions.
- Be familiar with the business of the Company.

- Communicate regularly with management and other Directors.
- Adopt or change the Bylaws of the company.
- Bring perspective and a fresh point of view to the Board's deliberations.
- Provide general guidance based upon experience in special areas of expertise.

## Additional Responsibilities

### Planning

- Approve the short- and long-term objectives, strategies, and plans recommended by management, and advise management regarding the planning process. Periodically evaluate progress against such plans.
- Identify any barriers to the company's progress and sense the timing for change.

### Management

- Elect the officers of the Company and delegate management responsibility and authority to them.
- Authorize necessary officer signatory authorities on behalf of the Company.

### Financial Structure

- Approve overall capital structure of the Company.
- Approve overall financing programs and policies.
- Authorize appropriate officers of the Company to take actions as may be required to implement such programs.
- Approve all dividend actions.
- Establish regulations and controls concerning issue, transfer, and registration of securities.
- Ensure that there is a specific financial program designed to properly support the Company's long-term plan for growth by reviewing long-term plans and financing to prepare for it.

### Controls

- Identify the Board's needs for information and arrange for its timely supply.
- Approve annual operating and capital budgets and review performance to plan quarterly.
- Review capital expenditures.
- Review the accuracy and completeness of financial control systems through an Audit Committee composed entirely of independent Directors.
- Ensure that management has adequate financial systems, including timely and accurate information.
- Inquire into major deficiencies in performance.
- Ensure existence of written policies and authorization systems for major expenditures.

- Require audited financial statements by a registered independent public accounting firm.

## Director Recruitment and Board Continuity

- Ensure additional and replacement Directors are highly qualified and meet the current needs of the Board and the Company.
- Seek continuity and strengthening of the Board through identifying and attracting additional and/or replacement Directors.

## Expectations of Individual Performance

- Attend all Board and respective Committee meetings.
- Review meeting materials provided in advance of meetings and be prepared to discuss their contents.
- Be available to advise management between meetings when necessary.
- Engage in continuing learning opportunities.

## Company Policies

The Board shall establish, maintain and at least annually review the following Company policies:

- The Code of Ethics and Business Conduct
- Related Party Transaction Policy
- Whistleblower Protection Policy
- Insider Trading Policy

Each Director and officer of the Company shall acknowledge receipt of and compliance with the Company's Code of Ethics and Business Conduct on an annual basis.

## Availability of Governance Documents to Stockholders

The Company shall post all required Board governance documents on the Company's website under the Investor Resources section including, without limitation, current versions of this Board Responsibilities document, the Committee charters, the Company's Code of Ethics and Business Conduct and the Company's Charter and Bylaws.