

## **AEROHIVE NETWORKS, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

Adopted September 3, 2013 and effective as of the closing of the Company's initial public offering

The Board of Directors (the "**Board**") of Aerohive Networks, Inc. (the "**Company**") has approved the following as guidelines for the Board's conduct as it exercises its oversight of the business of the Company in accordance with its fiduciary responsibilities.

#### **A. Role of the Board**

The role of the Board is to oversee the performance of the chief executive officer ("**CEO**") and other senior management and to assure that the best interests of stockholders are being served. To satisfy this responsibility, the Board expects its members (including as serving of committees) to take a proactive approach to their duties and function as active monitors of corporate management. Accordingly, the directors provide oversight in the formulation of the long-term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board reviews with management Company standards and policies to assure that management carries out their day-to-day operational duties in a competent and ethical manner and consistent with standards of responsible conduct and ethics.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the Board's role is principally of oversight. Directors may rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations.

In exercising such oversight, the Board recognizes that creating long-term enterprise value is advanced by considering the interests and concerns of the Company's stockholders, as well as other stakeholders, including the Company's employees, customers, creditors and suppliers as well as the community generally.

#### **B. Selection of Board Chair and Company CEO**

The Board shall fill the Chair and CEO positions based upon the Board's view of what is in the best interests of the Company. The CEO and Chair may, but need not be, the same person.

#### **C. Lead Independent Director**

In the event that the Board's Chair is not an independent director, the Board may elect a "Lead Independent Director," who will have the responsibility to schedule and prepare agendas for meetings of outside directors. The Lead Independent Director may communicate with the CEO, disseminate information to the rest of the Board in a timely manner, raise issues with management on behalf of the outside directors when appropriate, and facilitate communications between management and the outside directors. In addition, the Lead Independent Director may have other responsibilities, including calling meetings of outside directors when necessary and appropriate, being available, when appropriate, for consultation and direct communication with the Company's stockholders, building a productive

relationship between the Board and the CEO, ensuring that the Board fulfills its oversight responsibilities in Company strategy, risk oversight and succession planning, and performing such other duties as the Board may from time to time designate. All members of the Board are encouraged to communicate with the CEO. As long as the Board's Chair is an independent, non-employee director, the "Lead Independent Director" responsibility may be assigned to the Chair.

#### **D. Committees**

The Board has three standing committees: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board will continue to delegate substantial responsibilities to each committee, and each committee should consist solely of independent directors, as defined by the rules of the New York Stock Exchange ("NYSE Rules"), and in the case of the Audit Committee as defined by the rules and regulations of the Securities and Exchange Commission ("SEC Rules"). The members of these committees shall also meet the other membership criteria specified in the respective charters. Additional committees may be formed from time to time as determined by the Board.

#### **E. Assignment of Committee Members**

Committees should be appointed (or re-appointed), and chairs of each committee designated, by the Board. While the composition of the committees of the Board should be looked at each year in making certain that these committees are not stagnant or without fair representation, it is the Board's belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management.

#### **F. Frequency and Length of Committee Meetings**

Each committee chair, in consultation with committee members, will determine the frequency and length of Committee meetings, considering all relevant factors such as the committee's mandate, nature of current committee business to be discussed and the like.

#### **G. Committee Charters and Agendas**

Each committee shall have its own charter, which will set forth the purpose, membership requirements, authority and responsibilities of the committee. Annually, the chair of each committee should review the existing committee charter and determine, in consultation with the rest of the committee, whether any amendments are required. Committee charters should be within the scope of authority granted by the Board and should be approved by the Board. The chair of the committee, in consultation with appropriate members of management and staff, should develop the overall annual and individual meeting agenda. Any committee of the Board is authorized to engage its own outside advisors at the Company's expense, including legal counsel or other consultants, as the committee determines, provided that the committee shall promptly advise the full Board of such engagement.

#### **H. Code of Conduct, Conflicts of Interests, Related-Party Transactions and Complaints Process**

The Nominating and Corporate Governance Committee shall periodically review and approve the Company's Code of Business Conduct and Ethics, which is applicable to directors, officers and employees; consider questions of possible conflicts of interest of Board members and corporate officers; review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers; and approve or prohibit any involvement of such persons in matters that may involve a conflict of interest or corporate opportunity. Directors may be asked from time to time to leave a Board meeting when

the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

The Audit Committee shall review and approve any proposed related-party transactions in compliance with the Company's policies and the NYSE Rules and must report material related party transactions to the full Board, monitor compliance with the Company's Code of Ethics for CEO and Senior Financial Officers (which is part of Code of Business Conduct and Ethics) and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

#### **I. Board Meetings and Agenda Items**

The Board will meet in regularly scheduled meetings each year. The Chair (or the Lead Independent Director, in consultation with the CEO, if not the same person) will set the agenda for each meeting. Each Board member is free to suggest inclusion of items on the agenda. The Board will annually review the Company's long-term strategic plans, as well as regularly review operating performance, management plans and prospects and other issues facing the Company.

#### **J. Board Materials Distributed in Advance**

To the extent possible, management will distribute sufficiently in advance information and data which is important to the Board's understanding of matters to be discussed at the meeting, and the current status of the Company's business, to enable the directors to read and prepare for the meeting. On those occasions when the subject matter is too sensitive to be distributed, the subject will have to be introduced at the meeting.

#### **K. Board, Committee and Stockholder Meetings**

Directors are expected to prepare for, attend, and actively participate in all Board and committee meetings. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

#### **L. Regular Attendance of Management at Board Meetings**

Management (*e.g.*, the Chief Financial Officer, the General Counsel and Secretary, and such other members of the executive staff) may attend meetings as the Board may request. Specifically, the Board encourages management to schedule management presentations to provide additional insight into the items being discussed.

#### **M. Executive Sessions of Independent Directors and Audit Committee**

The Board shall regularly have separate meeting times for independent directors without management. Such executive sessions shall be held at least once a year, following regularly scheduled meetings and may occur at such other times as requested by independent directors. The Chair or the Lead Independent Director shall preside at executive sessions, as the case may be.

The Audit Committee shall also meet periodically with the Company's outside auditors without management present, at such times as it deems appropriate.

#### **N. Board Access to Company Employees**

Board members should have full access to members of management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members. The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company.

#### **O. Board Compensation Review and Stock Ownership**

The Compensation Committee should conduct an annual review of director compensation. This review will include input from the Company's Human Resources department and the Committee's third-party compensation consultant to evaluate director compensation compared to other companies of like size in the industry. Any change in director compensation should be approved by the full Board. The Committee may establish guidelines and review stock periodically stock ownership by members of the Board of Directors and the Company's executives.

#### **P. Size of the Board and Composition**

The size of the Board is established in accordance with the Company's bylaws, and may vary based upon the size of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members. The Board will review from time to time the appropriateness of its size and member composition in order to provide a range of expertise and perspective in areas relevant to the Company's business.

#### **Q. Board Definition of "Independence" for Directors**

A director shall be considered "independent" for purposes of serving on the Board if he or she meets the criteria for independence established by the NYSE Rules. A director shall be considered "independent" for purposes of serving on a Board committee based on the definition of independence used in that committee's charter (which shall conform to any requirements established for such a committee by the NYSE Rules and any applicable SEC Rules).

#### **R. Board Membership Criteria and Selection; Annual Election**

The Nominating and Corporate Governance Committee should review on an annual basis candidates for nomination to the Board (including re-nomination of existing directors). The Committee may also review new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders.

The Nominating and Corporate Governance Committee may consider both recommendations and nominations for candidates to the Board from stockholders *so long as* such recommendations and nominations comply with the certificate of incorporation and bylaws of the Company and applicable laws, including SEC Rules. Stockholders may recommend director nominees for consideration by the Nominating and Corporate Governance Committee by writing to the Secretary of the Company and providing the information required in the Company's bylaws. Following verification of the stockholder status of the person submitting the recommendation, all properly submitted recommendations will be brought to the attention of the Nominating and Corporate Governance Committee. Stockholders who desire to nominate persons directly for election to the Board at the Company's annual meeting of stockholders must meet the deadlines and other requirements set forth in the Company's bylaws and SEC Rules.

Directors shall be subject to election at the annual meeting of stockholders, in accordance with the terms of service specified in the Company's Certificate of Incorporation and bylaws. As provided, the Board may be classified with classes of directors.

Any vacancies on the Board occurring between the Company's annual meetings of stockholders may be filled by persons selected by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and any director so elected will serve for the remaining term of the class of directors in which the vacancy occurred.

#### **S. Assessing Board and Committee Performance**

The Nominating and Corporate Governance Committee will support and advise the Board and each committee in an annual assessment of the Board and committee performance during the prior year. This assessment should focus on areas in which the Board or its committees believe contributions can be made going forward to increase the effectiveness of the Board or its committees. Each committee and the full Board will consider and discuss the findings of the assessments.

#### **T. Director Orientation and Continuing Education**

Meetings of the Board shall be designed to provide orientation for new directors to assist them in understanding the Company's business as well as an introduction to the Company's senior management. Further, the Company encourages directors to participate in continuing education programs focused on the Company's business and industry, committee roles and responsibilities and legal and ethical responsibilities of directors.

#### **U. Formal Evaluation and Compensation of the CEO and Other Executive Officers**

The formal evaluation of the CEO and the other executive officers should be made in the context of annual compensation review by the Compensation Committee, with may include appropriate input from other Board members. The Committee's evaluation should be based on objective criteria, including performance of the business and accomplishment of long-term strategic objectives and annual operating plan performance in accordance with the principles and criteria established by the Compensation Committee.

#### **V. Succession Planning and Management Development**

The Board, including acting through its committees, is responsible for CEO succession planning. In addition, it shall monitor management's succession plans for other key executives and encourage management's employee development programs.

#### **W. Board Interaction with Third Parties**

The Board believes that management speaks for the Company. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that directors would do this with knowledge of management and, in most instances, only at the request of management.

In cases where stockholders wish to communicate directly with the non-management directors, messages can be sent by mail to the Company's attention, as provided in the bylaws and the Company's

Certificate of Incorporation. The Company will forward such communications, as appropriate, to the appropriate member(s) of the Board or, if none is specified, to the Lead Independent Director.

**X. Company Policies**

The Board expects that its members, when conducting business as a member or in a manner associating such member with the Company, shall observe all policies which apply to the Company's employees, including policies regarding business and workplace conduct, communications, ethics and conflicts of interest. The Company's directors should not accept any gift of value that indicates an intent to influence improperly the normal business relationship between the Company and any supplier, customer or competitor.

**Y. Formulation of Strategy**

The Board should provide oversight to management in formulating corporate strategy.

**Z. Periodic Review of Guidelines**

The Nominating and Corporate Governance Committee and the Board should review these guidelines no less than annually.

**ACCESS, RESOURCES, RELIANCE ON INFORMATION AND OTHERS**

The Board and its members shall at all times have direct, independent and confidential access to the Company's executive officers, management and personnel to carry out the Board's purposes. The Board is authorized to obtain at the Company's expense data, advice, consultation and documentation as the Board considers appropriate and to retain at the Company's expense consultants, independent counsel or other advisers to advise or assist the Board in the performance of any of the responsibilities and duties set forth above, or for any other matter related to the Board's purposes.

A member of the Board is entitled when discharging his or her duties to rely in good faith on reports or other information provided by the Company's management, its independent auditors, legal counsel or other advisers as to matters the member reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

Nothing in these guidelines is intended to preclude or impair the protection provided under the Delaware General Corporation Law for good faith reliance by members of the Board on reports, advice or other information provided by others (including reports, advice or other information provided by the Company's management, legal counsel or independent auditors, or independent professional advisers or consultants retained by the Board).

These guidelines are not intended to create inflexible requirements, and are not intended to interpret applicable laws and regulations, or to modify the Company's articles of incorporation or its bylaws.