

## E02 - Corporate Governance Guidelines for The Board of Directors

(Rev: 018)

The Board of Directors of A. Schulman, Inc. has adopted these governance guidelines to assist it in following corporate practices that serve the best interests of the Corporation and its stockholders. The Board of Directors intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. The guidelines should be interpreted in the context of all applicable laws, the Corporation's charter documents and other governing legal documents.

### 1. Director Qualifications and Board Composition

(a) Independence. The Board of Directors will consist of a majority of non-employee directors who meet the criteria for independence contained in the applicable rules of the National Association of Securities Dealers ("NASD") and any other applicable regulations. No director will be deemed independent unless the Board affirmatively determines that the director has no material relationship with the Corporation, directly, or as an officer, share owner or partner of an organization that has a material relationship with the Corporation. The Board will monitor its compliance with the regulations related to director independence on an ongoing basis. Each independent director shall notify the Chair of the Nominating and Corporate Governance Committee, as soon as practicable, in the event that his or her circumstances change in a manner that may affect the Board's evaluation of his or her independence.

(b) Director Qualifications. The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending to the Board candidates for election or appointment as directors. The Board of Directors believes that diversity is an important component of an effective Board and the Nominating and Corporate Governance Committee considers diversity aspects when it evaluates director candidates and their specific skills, expertise and background. Final approval of any candidate shall be determined by the full Board of Directors. Stockholders may submit written recommendations for nominees directly to the Chair of the Nominating and Corporate Governance Committee in care of the Secretary of the Corporation. The Nominating and Corporate Governance Committee has established Board of Directors Candidate Guidelines that set forth criteria that are to be considered in evaluating an individual to serve as a new member of the Board. The Board of Directors Candidate Guidelines are attached to these Corporate Governance Guidelines as Exhibit A.

(c) Board Size. The number of directors that constitutes the Board of Directors shall be fixed from time to time in the manner prescribed in the Corporation's Certificate of Incorporation and/or Bylaws. The Nominating and Corporate Governance Committee will assess the size of the Board of Directors periodically to determine whether its size continues to be appropriate and make recommendations to the Board as necessary.

(d) Lead Independent Director: The A. Schulman, Inc. Board of Directors has established the position of Lead Independent Director, to be in effect at such times a non-independent director of the Company serves as Chairman of the Board. The Lead Independent Director shall be an independent director and shall be elected by the independent directors of the

Board. If, in the future, the Board of Directors elects an independent Chairman, then the position of Lead Independent Director shall be automatically suspended.

(e) Retirement. It is the policy of the Corporation that a director shall not stand for election to serve as a director after the month of such director's 75th birthday. The Board, in consultation with management and the retiring member, may waive this retirement policy under special circumstances.

(f) Term. As part of its responsibilities, the Nominating and Corporate Governance Committee will consider each director's continuation on the Board at the expiration of his or her term and before that director is considered for re-election.

(g) Change in Director's Present Job Responsibilities. A non-employee director shall inform the Board of any principal occupation change, including retirement. A change in a non-employee director's employment or occupation should not automatically lead to such director's resignation from the Board of Directors. However, the Nominating and Corporate Governance Committee will review the appropriateness of such a director's continued service on the Board of Directors in light of his or her changed responsibilities, association or circumstances.

(h) Resignation Policy. A director who fails to receive the required number of votes for re-election in accordance with the By-laws of the Company shall tender his or her resignation and shall abstain from the deliberations or voting on any decision regarding that resignation. The Nominating and Corporate Governance Committee and the Board of Directors will evaluate any such resignation in light of the best interests of the Company and its stockholders in determining whether to accept or reject the resignation, or whether other action should be taken, and may consider any factors they deem relevant in making such determination. The Board of Directors shall publicly, fully disclose its decision regarding the resignation within ninety (90) days after election results are certified. In the unusual circumstances that the resignation is not accepted, the director will continue to serve in accordance with the By-laws. If the Board of Directors decides to accept the director's resignation, the Nominating and Board Governance Committee will recommend to the Board of Directors whether to fill the resulting vacancy or to reduce the size of the Board.

## **2. Director Responsibilities**

(a) Board's Role. The business and affairs of the Corporation are managed under the direction and oversight of the Board of Directors. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interest of the Corporation. In discharging that obligation, directors, in exercising their business judgment, are entitled to rely on the Corporation's management and outside advisors and auditors.

(b) Board Meetings. The Board of Directors currently holds regularly scheduled meetings and calls for special meetings as necessary. All meetings of the Board may be held telephonically. Directors are expected to attend all board meetings and meetings of the Committees of the Board on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their duties. It is understood that, on occasion, a director may not be able to attend a meeting.

(c) Agendas. The Chairman of the Board establishes the agenda for Board meetings. Any director may request that an item be included on the agenda.

(d) Executive Sessions. The independent directors will, at such time as the directors deem appropriate, meet at regularly scheduled executive sessions at which only independent directors are present. The independent directors may, at their discretion, request that legal counsel or other outside advisors attend such executive sessions.

(e) Confidentiality. Except as required by law, no director shall disclose any material non-public information concerning the Corporation. In the event that a director inadvertently discloses information that may be material and non-public, he or she should immediately so advise the Corporation's compliance officer.

### **3. Board Committees**

(a) Committees. The Board currently has five standing Committees of the Board of Directors: (i) Audit Committee, (ii) Compensation Committee, (iii) Nominating and Corporate Governance Committee, (iv) Executive Committee and (v) Finance Committee. The Board also may establish other committees or disband existing ones, as it deems appropriate consistent with applicable laws, regulations and the Corporation's Bylaws. Each of the Committees of the Board shall have the authority and responsibilities delineated in the Corporation's Bylaws, the resolutions creating them and any applicable charter.

(b) Appointment. The Board, upon recommendation of the Nominating and Corporate Governance Committee annually appoints Committee members. Subject to such limited exceptions as may be available from time to time under applicable laws and regulations, all of the members of the Audit, Compensation, and Nominating and Corporate Governance Committees will be independent directors consistent with the criteria set forth in their charters and as required by NASDAQ and other applicable laws and regulations. The Nominating and Corporate Governance Committee may recommend to the Board changes in Committee assignments periodically.

(c) Meeting Schedules. The Committee Chair, in consultation with management, will schedule regular Committee meetings. Special Committee meetings may be called as needed. The length of Committee meetings will depend upon matters under consideration. All meetings of the Board of Directors and Committees of the Board may be held telephonically.

(d) Committee Agendas. The Committee Chair, in consultation with management, will develop the agenda for Committee meetings. Any Committee member may request that an item be included on the agenda.

(e) Charters. The Board of Directors has adopted charters setting forth the purposes, authority, duties, and membership of each of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will review periodically the charters of each of these Committees and propose modifications to the applicable Committee for consideration as appropriate.

### **4. Access to Outside Advisors**

The Board and its Committees (consistent with the provisions of its charter) may retain advice and assistance from outside legal, financial and other advisors as deemed necessary for the discharge of its responsibilities without consulting or obtaining the approval of any officer of the Corporation in advance.

## 5. Access to Management and Employees

Directors have full and unrestricted access to the management and employees of the Corporation. In addition, members of management may be invited to attend meetings of the Board of Directors from time to time to present information about the business and operations of the business within their areas of responsibility.

## 6. Whistleblower Protection

As set forth in the Corporation's Code of Conduct, any employee who, in good faith, reports a violation or possible violation of the Code of Conduct or the underlying corporate policy is protected against retaliatory behavior. The Corporation is not permitted to fire, demote, suspend, harass or discriminate against any employee who lawfully provides information to, or otherwise assists or participates in, any investigation or proceeding by a U.S. regulatory or law enforcement agency, any member of the U.S. Congress or a Congressional committee or the employee's manager, relating to what the employee reasonably believes is a violation of the securities laws or an act of fraud. The Corporation also provides an Ethics Hotline which may be used to confidentially report known or suspected criminal or other suspicious activity involving the Corporation or its employees.

## 7. Director Compensation

The compensation of directors is reviewed periodically by the full Board of Directors. Any change to director compensation must be approved by the full Board of Directors.

## 8. Director Information

The Board of Directors will periodically schedule presentations at Board meetings relating to the Corporation's business and operations, its compliance programs and any significant financial, accounting, litigation, and risk management issues as well as any other matters of significance to the Board of Directors. All new directors will be provided with these Corporate Governance Guidelines, the Charters of the Committees of the Board and the Corporation's current financial information.

## 9. Annual Evaluations

(a) Performance Evaluation. The Compensation Committee and the Board of Directors, with input from the Chief Executive Officer, set annual performance goals for the CEO. Each year the Compensation Committee assesses the performance of the CEO against these performance goals. The Compensation Committee has the authority to determine the CEO's compensation based on this evaluation. The Compensation Committee also is responsible for the annual evaluation of the performance of the Corporation's executive officers.

(b) Board Evaluation. The Nominating and Corporate Governance Committee will conduct, and report to the Board the results of, an annual self-evaluation process to determine whether the Board and its Committees are functioning effectively. An external resource will conduct an evaluation every three years.

(c) Review of Board's Core Competencies and Composition. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the skills, characteristics and composition of the Board of Directors to determine whether consideration should be given to any change in the Board's membership. This assessment should include an analysis of the Board's core competencies, including understanding of the industry, financial expertise, integrity, wisdom, judgment, commitment to excellence, business experience and acumen, skills, diversity and availability.

(d) Committee Self-Evaluation. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will perform an annual review of such Committee's performance, including a review of the Committee's compliance with its respective charter. Each such Committee shall conduct such evaluation and review in the manner it deems appropriate and report the results of the evaluation to the entire Board of Directors.

## **10. Code of Conduct**

The Board of Directors has adopted Codes of Conduct for directors, officers and employees, as required by the listing requirements of NASDAQ and other applicable laws and regulations. The Nominating and Corporate Governance committee will review periodically the Codes of Conduct and propose modifications for consideration by the Board of Directors as appropriate.

## **11. Corporate Governance Guidelines**

The Nominating and Corporate Governance Committee will review periodically these Corporate Governance Guidelines and will recommend to the Board of Directors such revisions as it deems necessary or appropriate for the Board to discharge its responsibilities more effectively.

## EXHIBIT A

### A. SCHULMAN, INC.

#### **BOARD OF DIRECTORS CANDIDATE GUIDELINES**

The Board of Directors should be composed of individuals who have demonstrated achievements in business, education or public service. In addition, the director candidate should possess the requisite intelligence, education and experience to make a significant contribution to the membership of the Board of Directors and bring a range of skills, diverse perspectives and backgrounds to the deliberations of the Board of Directors. Importantly, the director candidate must have the highest ethical standards, a strong sense of professionalism, be prepared to serve the interests of all the stockholders and be able to make himself or herself available to the Board of Directors in the fulfillment of his or her duties. For those director candidates who are also employees of the Corporation, he or she should be members of the executive management of the Corporation who have or are in the position to have a broad base of information about the Corporation and its business.

The overall ability and experience of the individual should determine his or her suitability. However, the following attributes and qualifications should be considered in evaluating an individual as a candidate for the Board of Directors:

**Management and Leadership Experience – The Board candidate should have extensive experience in business, education or public service or otherwise possess the requisite intelligence, education and experience to make a significant contribution to the membership of the Board of Directors.**

The experience of candidates from the different fields of business, education or public service, as applicable, should be measured as follows:

*Candidates from the Field of Business.* The Board candidate is or has been the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of, or holds or has held a senior managerial position in, a public corporation or recognized privately held entity. It would be desirable for certain Board candidates to have Company-related industry or business experience.

*Candidates from the Field of Education.* The Board candidate holds or has held either a significant position at a prominent educational institution comparable to the position of university or college president and/or dean of a school within the university or college or a senior faculty position in an area of study important or relevant to the Corporation.

*Candidates from the Field of Public Service.* The Board candidate has held one or more elected or appointed senior positions in the U.S. federal government (or agency), in any U.S. state government or in a highly visible nonprofit organization.

**Skilled and Diverse Background – The Board candidate must bring a desired range of skills, diverse perspectives and experience to the Board.**

The following attributes should be considered in assessing the contribution that the Board candidate would make as a member of the Board of Directors.

*Financial Literacy.* Board candidates having a sufficient understanding of financial reporting and internal control principles or financial management experience bring desirable knowledge and skills to the Board.

*International Experience.* International experience is a significant positive characteristic in a Board candidate's profile. Having an understanding of the language and culture of non-English speaking countries also will be considered beneficial.

*Interlocking Relationships.* Certain interlocking relationships should be avoided, particularly if a Board candidate's position with another entity (such as an executive officer) may create a compensation committee interlock by such candidate serving on the Corporation's board of directors or if such candidate were to serve on the Corporation's Compensation Committee or otherwise participate in decisions relating to the compensation of the Corporation's executive officers.

**Integrity and Professionalism – The Board candidate must have the highest ethical standards, a strong sense of professionalism and be prepared to serve the interests of all the stockholders.**

*Personal Experience.* The Board candidate should be of the highest moral and ethical character. The candidate must exhibit independence, objectivity and willingness to serve as a representative of the Corporation's stockholders. He or she should have a personal commitment to the Corporation's principles of client focus, respect for the individual, teamwork, responsible citizenship and integrity.

*Individual Characteristics.* The Board candidate should have the personal qualities to be able to make a substantial active contribution to Board deliberations. These qualities include intelligence, self-assuredness, high ethical standards, interpersonal skills, independence, courage, a willingness to ask difficult questions, communication skills and commitment. In considering candidates for Board membership, the diversity of the communities in which the Corporation conducts its business should be considered in looking at the composition of the Board.

*Availability.* The Board candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership. In this regard, it is the policy of the Corporation that directors who are executive officers of a public company not sit on more than two public company boards and directors who are not executive officers of a public company not sit on more than four public company boards, except for such circumstances expressly approved by the Board. For purposes of this guideline, the term "executive officer" shall have the meaning set forth in 17 CFR 240.3b-7. The Board candidate should satisfy the Board's age election guidelines provided for in the policies of the Corporation and ideally have sufficient years available for service to make a significant contribution over time to the Corporation.

## Related Documents:

[E2-D01 Internal Audit Charter](#)

[E2-D02 Audit Committee Charter](#)

[E2-D03 Nominating and Governance Charter](#)

[E2-D04 Compensation Committee Charter](#)

[E2-D05 Policies and Procedures for Stockholders to Recommend Candidates for Directors](#)

[E2-D08 Lead Independent Director Charter](#)

[E2-D09 Strategic Committee Charter](#)

[E2-D10 Code of Conduct for Directors](#)

[E34-GL Stock Ownership Guidelines for Directors and Executive Officers](#)

[E2-D11 Finance Committee Charter](#)

## Change Record:

Rev.	Effective Date	Corporate Sponsor	Functional Lead	Reason for revision.
Original	November 24, 2004	T. Haines R. Stefanko	R. Stefanko	Initial.
001	July 26, 2005			Updated D03 Nominating and Governance Charter (earlier version was in the draft form)
002	September 19, 2005			Updated the procedure for stockholders to recommend candidates for directors (earlier version was in the draft form)
003	May 19, 2006			Replaced Draft Internal Audit Charter with the Approved Charter D01
004	October 16, 2008			Amended Board Candidate Guidelines
005	January 7, 2009	Joseph M. Gingo	David C. Minc	Updated Corporate Sponsor & Functional Lead. Updated D03; Updated D05; deleted D06 (now Exhibit A to actual policy), Added D08 LID Charter.
006	March 31, 2010			Updated language in ERM sections of Charters
007	March 31, 2011			Updated director age limit
008	June 23, 2011			Added resignation policy
009	June 20, 2012			Minor wording changes to Guidelines; Updated Charters to include language regarding risk management as outlined in the ERM
010	December 12, 2012			Update D04

011	June 19, 2013	CEO PRESIDENT	VICE PRESIDENT CHIEF LEGAL OFFICER	Corrected typographical errors and updated to include triennial external board evaluations;
012	October 17, 2013	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated D01, D02, D03
013	December 12, 2013	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated Policy, Added D11 Finance Charter, Deleted D09 Strategic Charter
014	April 3, 2014	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated D04 re: NASDAQ rules
015	June 18, 2014	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated D08 and Exhibit A
016	June 17, 2015	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated section 1(d) re: lead independent director
017	March 29, 2016	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated "Availability" section of Exhibit A
018	June 15, 2016	CEO PRESIDENT	VP, CHIEF LEGAL OFFICER	Updated section 1(b)