



## **Governance Guidelines**

### **I. Responsibilities of the Board of Directors**

The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to matters reserved to the shareholders. The Board of Directors selects the Chief Executive Officer and certain other members of the executive management of the Company, who are charged with directing the Company's business. The primary function of the Board of Directors is therefore oversight - defining and enforcing standards of accountability that enable executive management to execute their responsibilities fully and in the interests of shareholders. Consistent with that function, the following are the primary responsibilities of the Board:

- Evaluating the performance of the Company and its executive management, which includes (i) overseeing the conduct of the Company's business to evaluate whether it is being effectively managed, including through regular meetings of the non-management Directors without the presence of management and (ii) selecting, regularly evaluating and planning for the succession of the Chief Executive Officer and such other members of executive management as the Board deems appropriate, including fixing the compensation of such individuals;
- Reviewing the Company's strategic plans and objectives, including the principal risk exposures of the Company;
- Providing advice and counsel to the Chief Executive Officer and other executive management of the Company;
- Assisting management in the oversight of compliance by the Company with applicable laws and regulations, including in connection with the public reporting obligations of the Company;
- Overseeing management with a goal of ensuring that the assets of the Company are safeguarded through the maintenance of appropriate accounting, financial and other controls;
- Appointing the members of and overseeing any required or appropriate Committees of the Board established for purposes of the execution of any delegated responsibilities of the Board of Directors;
- Establishing the form and amount of compensation for Directors, taking into account their responsibilities as such and as members of any Committee of the Board; and
- Evaluating the overall effectiveness of the Board of Directors, as well as selecting and recommending to shareholders for election an appropriate slate of candidates for the Board of Directors.

In discharging their responsibilities, Directors must exercise their business judgment to act in a manner that they believe in good faith is in the best interests of the Company and its shareholders. Directors are expected to attend all or substantially all Board meetings and meetings of the Committees of the Board on which they serve. Directors are also expected to spend the necessary time to discharge their responsibilities appropriately and to ensure that other existing or future commitments do not materially interfere with their responsibilities as members of the Board.

Directors shall be entitled to require that the Company purchase reasonable liability insurance on their behalf and to accord them the benefits of indemnification and exculpation to the fullest extent permitted by applicable law and the Company's charter and bylaws.

### **II. Structure and Operation of the Board of Directors**

#### **A. Size and Composition**

The Company's charter provides that the number of directors of the Company shall be such as is from time to time fixed by, or in the manner provided in, the Company's bylaws. On an annual basis, the Corporate Governance Committee shall consider the size and composition of the Board and report to the full Board the results of its review and any recommendations for change.

There shall always be at least a majority of Directors that meet the independence requirements of applicable law, listing standards and, to the extent applicable, the Company's charter. A Director shall provide advance notice to the Chairman of the Board of his or her acceptance of an invitation to serve on the board of directors of any other public company. Directors who also serve as chief executive officers or in equivalent positions of the Company or other public companies should not serve on the board of directors of more than two other public companies, and other directors should not serve on the board of directors of more than three other public companies.

The Board of Directors is responsible for selecting candidates for Board membership and for extending invitations to join the Board of Directors through the Corporate Governance Committee. Candidates are selected for their strength of character, judgment, business experience and specific areas of expertise, factors relating to the composition of the Board of Directors (including its size and structure) and principles of diversity, including gender and ethnicity, among other relevant considerations, such as the requirements of applicable law and listing standards. The Board of Directors recognizes the importance of soliciting new candidates for membership on the Board of Directors and that the needs of the Board of Directors, in terms of the relative experience and other qualifications of candidates, may change over time. Any Director is free to recommend a candidate for nomination to the Board of Directors. Consistent with its charter, the Corporate Governance Committee is responsible for screening candidates (in consultation with the Chairman of the Board and the Chief Executive Officer), for establishing criteria for nominees and for recommending to the Board a slate of nominees for election to the Board of Directors at the Annual Meeting of Shareholders. Final approval of any candidate shall be determined by the full Board of Directors.

Each Director's continuation on the Board will be reviewed at the expiration of his or her term and before that Director is re-considered for election. In connection with its annual recommendation of a slate of nominees, the Corporate Governance Committee shall assess the contributions of those Directors selected for re-election. The Board of Directors does not believe that it is advisable to establish term limits for its Directors because they may deprive the Company and its shareholders of the contribution of Directors who have been able to develop valuable insights into the Company and its operations over time. A Director will, however, be expected not to stand for re-election after the age of 75. In addition, it is the sense of the Board of Directors that any Director whose principal occupation or business association has changed substantially from the time he or she was elected to the Board of Directors should volunteer to resign from the Board. While it is not the sense of the Board of Directors that such Director should in all cases resign, the Board believes that it would be desirable in such circumstances to consider, through the Corporate Governance Committee, the appropriateness of such Director's continued service. The Board further believes that Directors who are also employees of the Company should retire from the Board at the same time they relinquish their corporate officer title, unless the Board requests that such Director continue his or her service.

Consistent with its charter, the Corporate Governance Committee shall annually evaluate the performance of the Board of Directors as a whole. In developing its evaluation criteria, the Committee may choose to benchmark the practices of other boards of directors; circulate surveys, questionnaires and evaluation forms to Directors; and use such other methods as it may deem helpful and appropriate in order to assess the Board's effectiveness. At the conclusion of this process, the Chairman of the Committee shall report the Committee's conclusions to the Board of Directors and may make recommendations to the Chairman of the Board regarding changes that the Committee deems appropriate for consideration by the full Board of Directors.

## **B. Offices of Chairman of the Board and Chief Executive Officer**

The offices of Chairman of the Board and Chief Executive Officer may be at times combined and at times separated. The Board has exercised discretion in combining or separating the positions as it has deemed appropriate in light of prevailing circumstances. The Board of Directors believes that the combination or separation of these offices should continue to be considered as part of the succession planning process. The Board further believes that it is in the best interests of the Company for the Board to make a determination as to the combination or separation of the offices of Chairman of the Board and Chief Executive Officer when it elects a new Chief Executive Officer.

The Corporate Governance Committee shall report periodically to the Board of Directors regarding succession planning with respect to the office of the Chief Executive Officer and other members of executive management as may be determined by the Board of Directors.

## **C. Lead Director**

The intention of the Board is that one of the Company's independent Directors shall serve as the Lead Director. The Lead Director shall be elected by vote of the non-management Directors and shall be responsible for coordinating the activities of the other non-management Directors, including the establishment of the agenda for executive sessions of the non-management Directors, with or without the presence of management, as required by these Guidelines. The non-management Director shall consider rotation of the Lead Director position from time to time. The name of the Lead Director or other means for persons to communicate directly with the non-management Directors shall be disclosed in the Company's annual proxy statement.

## **D. Board Meetings**

### **1. Frequency and Conduct of Meetings**

The Board of Directors shall meet at least 4 times a year, generally at 3 month intervals. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chairman of the Board shall, in consultation with the Chief Executive Officer (if these are separate individuals), the Corporate Secretary and the Lead Director, prepare an annual schedule of meetings for the Board of Directors and the standing Committees thereof. To the extent practicable, the schedule shall reflect agenda subjects that are generally of a recurring nature and are expected to be discussed during the year in question. Certain matters shall be addressed by the Board of Directors at least annually. These matters shall include a review of the Company's (i) strategic plan and the principal current and future risk exposures; (ii) strategic objectives; (iii) business and financial performance for the prior year, including a review of the achievement of strategic objectives; and (iv) compliance with applicable law and listing standards. The proposed annual schedule of meetings of the Board and its standing Committees shall be presented to the Board of Directors for approval.

The Chairman of the Board shall chair all meetings of the Board of Directors. The Chief Executive Officer (if a different individual than the Chairman of the Board), the Chief Financial Officer and Company counsel shall also attend all meetings of the Board, subject to the Board's discretion to excuse one or more of these officers from all or portions of any meeting.

Non-management Directors shall meet in executive session with the Chief Executive Officer at least once each year to discuss matters relating to management succession (including the Chief Executive Officer's recommendation as to a successor should he or she be unexpectedly disabled) and management development and to evaluate members of executive management. In addition, non-management Directors shall meet in executive session without management at each regularly scheduled Board meeting, and at least once each year only those non-management Directors who meet the independence requirements of applicable law and listing standards shall meet in executive session without management. Upon reasonable notice to the other non-management Directors, any non-management Director may call for an executive session, with or without the presence of the Chairman, if the Chairman is also the Chief Executive Officer, or any member of executive management, if he or she deems it necessary or appropriate. In such circumstances, the non-management Director calling the executive session shall consult with the Lead Director as to the time, location and agenda for such executive session. When meeting without the Chairman, any item proposed by any non-management Director may be included on the agenda upon reasonable prior notice to the Lead Director.

### **2. Agenda**

The Chairman of the Board and the Chief Executive Officer (if not the same as the Chairman), or designee, shall establish an agenda for each meeting of the Board of Directors, which may include matters additional to those contemplated by the annual schedule of meetings of the Board of Directors. Directors may suggest the addition of any matter to a meeting agenda. Each Director may also raise at any meeting or executive session any subject that is not on the agenda for that meeting or executive session.

### **3. Information to be Distributed Prior to Meetings**

Insofar as practicable, information to inform the Directors about the Company's business, performance and prospects and regarding recommendations for action by the Board shall be made available to the Board a reasonable period of time before meetings. Information should be relevant, concise and timely. Requests for action by the Board of Directors should include the recommendation of management and be accompanied by any historical or analytical data that may be necessary or useful to the Directors in making a determination as to the advisability of the matter.

#### **4. Presentations**

Materials regarding presentations on specific subjects shall generally be sent to the Board members in advance so that the Board's meeting time may be conserved and discussion time focused on questions that Directors may have. Where time or circumstances prohibit advance delivery of materials, the Chairman of the Board or his designee shall provide advance notice of the subject matter and the principal issues involved through an oral communication in advance of the meeting, followed by a complete presentation and discussion of the matter at the meeting.

#### **5. Resolutions**

The Board of Directors has adopted guidelines for the adoption of resolutions, which are included as Appendix I. Insofar as is practicable, the text of resolutions to be submitted to the Board of Directors for approval shall be distributed in advance of the meeting at which they will be considered

#### **6. Minutes**

The Secretary of the Company or his designee shall record minutes of all meetings of the Board of Directors and shareholders. In the absence or incapacity of the Secretary or his designee, the Chairman may designate an Acting Secretary, a Director or outside counsel for the Company to record the minutes of meetings of the Board of Directors or shareholders.

With respect to any matter, a Director voting against a proposal may ask to have his or her dissent recorded in the minutes of the meeting, and the secretary for the meeting shall do so.

### **E. Access to Management, Management Information and Counsel**

Directors shall have free access to management and management information. Management shall be responsive to requests for information from Board members. The Board encourages the Chairman of the Board to invite members of management to make presentations at Board meetings in order to provide particular insights into aspects of the Company's business or to provide individuals with exposure to the Board of Directors for purposes of management development. Directors may suggest possible guests to the Chairman.

The Board of Directors, the Committees thereof and the Lead Director (on behalf of the non-management Directors as a group) shall be entitled, at the expense of the Company, to engage such independent legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company, with respect to any matters subject to their respective authority.

### **F. Board Interaction with Institutional Investors, the Press and other Constituencies**

The Board believes that management generally speaks for the Company. Directors may, from time to time, be contacted by institutional investors, other shareholders, sellers of businesses or merger partners, governmental or community officials, analysts or the press to comment on or discuss the business of the Company. Directors are expected to refrain from communicating with any of the foregoing without prior consultation with the Chief Executive Officer or the Chief Financial Officer. Any proposed contact by a Director in response to any inquiry by any governmental official shall also be notified in advance to Company counsel.

Directors may also, from time to time, discuss the Company's business with customers, suppliers and others. While Directors are free to engage in these discussions, they should advise appropriate members of executive management.

In no event shall any Director disclose any material non-public information concerning the Company. Among other considerations, such disclosures may violate applicable law. Questions about such information should be directed to the Company counsel. In the event that a Director inadvertently discloses information that may be material and non-public, he or she should immediately so advise the Company counsel.

## **G. Committees of the Board**

### **1. Committee Structure**

There are currently three standing Committees of the Board of Directors: Audit, Compensation and Corporate Governance. From time to time, the Board may designate *ad hoc* Committees in conformity with the Company's bylaws. Each standing Committee shall have the authority and responsibilities delineated in the Company's bylaws, the resolutions creating them and any applicable charter. The Board of Directors shall have the authority to disband any ad hoc or standing Committee when it deems it appropriate to do so, provided that the Company shall at all times have Audit, Compensation and Corporate Governance Committees and such other Committees as may be required by applicable law or listing standards.

Committees and their Chairpersons shall be appointed by the Board of Directors annually at the Annual Meeting of the Board of Directors, on recommendation of the Corporate Governance Committee in consultation with the Chairman of the Board. The members of the Audit, Compensation and Corporate Governance Committees shall at all times meet the independence and other requirements of applicable law and listing requirements. In appointing Committee members, the Board shall consider rotating membership from time to time in accordance with any policies established or recommended in that regard by the Corporate Governance Committee.

If any member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, so long as the Company does not limit the number of other audit committees on which the Audit Committee's members may simultaneously serve, then, in each such case, the Board of Directors shall determine that such simultaneous service will not impair the ability of such member to effectively serve on the Audit Committee.

Each standing Committee shall have a written charter, which shall be approved by the full Board of Directors and state the purpose of such Committee. Committee charters shall be reviewed not less frequently than annually to reflect the activities of each of the respective Committees, changes in applicable law or regulation and other relevant considerations, and proposed revisions to such charters shall be approved by the full Board of Directors.

### **2. Committee Meetings**

The Chairpersons of the various Committees, in consultation with their Committee members, shall determine the frequency and length of Committee meetings. The Chairperson of each Committee, in consultation with appropriate Company officers, will establish the agenda for each Committee meeting. Committee members and other Directors may suggest the addition of any matter to the agenda for any Committee meeting upon reasonable notice to the Committee Chairperson.

To the extent practicable, information regarding matters to be considered at Committee meetings shall be distributed to Committee members a reasonable period of time before such meetings. Each Committee Chairperson shall designate an individual of his or her choice to act as Secretary at, and to record the minutes of, Committee meetings. The Chairperson of each Committee shall report on the activities of the Committee to the Board of Directors following Committee meetings, and minutes of Committee meetings shall be distributed to all Directors for their information.

## **H. Compensation of the Board of Directors**

The Compensation Committee is charged with the responsibility of reviewing the compensation of the Board of Directors and recommending changes thereto to the full Board of Directors from time to time. In this regard, the Committee may request that management report to the Committee periodically on the status of the Board's compensation in relation to other similarly situated companies. Directors who are Company employees shall not be compensated for their services as Directors.

The form and amount of Director compensation and perquisites shall be determined by the Compensation Committee in accordance with the principles contained in its charter or any related policies, and such Committee shall review the form and amount of such compensation periodically as provided in its charter. The Board of Directors continues to believe that an alignment of Director interests with those of shareholders is important. The Compensation Committee shall be sensitive to questions of independence that may be raised where Directors' fees and perquisites exceed customary levels for companies of comparable scope and size.

### **III. Director Orientation and Education**

New Directors shall participate in an orientation program, which shall generally be conducted within two months of the Annual Meeting at which new Directors are elected. The agenda for the orientation program shall be determined by the Chairman of the Board, in consultation with the Chief Executive Officer (if different from the Chairman of the Board), the Chief Financial Officer, the Corporate Secretary and the Lead Director, who may consult as appropriate with the Chairpersons of the standing Committees of the Board of Directors. The orientation program shall address the Company's strategic plans, significant risk exposures, compliance programs (including its Code of Ethics and Business Conduct) and may include presentations by the Company's executive management, internal auditors and independent auditors, as well as one or more visits to the Company's headquarters or other operating sites or facilities. All other Directors shall also be invited to attend each orientation program. The Board of Directors shall encourage Directors to participate in continuing education programs, and the Company shall pay the reasonable expenses of attendance by a Director at such programs.

### **IV. Revisions to these Corporate Governance Guidelines**

Each year, the Corporate Governance Committee shall reevaluate these Corporate Governance Guidelines and recommend to the Board of Directors such revisions as it deems necessary or appropriate for the Board to discharge its responsibilities more effectively.

## **Appendix 1**

Guidelines for the Adoption of Resolutions  
By the Board of Directors

In addition to matters required to be approved by resolution of the Board of Directors by applicable law, the following matters shall be submitted to the Board of Directors for approval by adoption of formal resolutions. The Board of Directors, in its discretion and to the extent permitted by applicable law or listing standards, may delegate its authority to act with respect to these matters and shall do so where required by such law or listing standards.

#### **A. All Matters of Corporate Governance, including:**

1. Amendments to and restatements of the Company's charter and bylaws;
2. Changes in the Company's capital structure, the creation of new classes of stock and other securities of the Company, and the issuance of stock and other securities;
3. Approval of any matter that requires the vote of the Company's shareholders, as well as approval of plans for shareholder meetings (including the appointment of proxies and voting recommendations);
4. Establishment of the size of the Board of Directors within the range specified in the Company's bylaws, appointments to fill vacancies on the Board of Directors, nomination of a slate of candidates for election to the Board of Directors and all matters relating to qualifications for Directors;
5. Fixing of compensation and perquisites for members of the Board of Directors;
6. Creation of Committees of the Board of Directors, the definition of authority of such Committees, approval of Committee charters and amendments thereto, and the appointment of Committee members and Chairpersons;
7. Election of officers to positions designated in the Company's bylaws and the fixing of compensation and perquisites of executive officers and any other members of executive management as the Board deems

appropriate; and

8. Revisions to these Corporate Governance Guidelines.

**B. Other Corporate Matters, including:**

1. Declaration of dividends;
2. Appointments of transfer agents, registrars, trustees and others associated with transactions in Company stock and other Company securities;
3. Appointment of the Company's independent auditors;
4. Listings and de-listings of securities on stock exchanges;
5. Repurchases and redemptions of Company stock and other equity securities;
6. Repurchases and redemptions of Company debt securities that by their terms require Board approval;
7. Adoption of guidelines for investments of excess cash;
8. Adoption of guidelines for the use of derivative transactions;
9. Indemnification of corporate employees and agents pursuant to the Company's charter and bylaws;
10. Approval of transactions involving conflicts of interest of Directors and executive officers or waivers of the Company's Code of Business Conduct and Ethics;
11. Authority for certain officers and non-officers to execute documents; and
12. Such other matters as may require a resolution of the Board of Directors under the Company's charter or bylaws or upon the request of counterparty.

**C. Matters Concerning the Conduct of the Company's Business, including:**

1. Any transaction with a third party, above thresholds established by the Board from time to time, having a purpose that is related to one or more of the Company's principal operating areas that shall include the following:
  - borrowings and financings;
  - guarantees;
  - purchase and sale of the Company's assets from and to third parties;
  - purchase, sale or construction of office buildings in which the Company is the principal occupant; and
  - acquisitions of companies or assets
2. Any transaction involving the Company and a Director or an executive officer or entities controlled by a Director or an executive officer.