

## **Governance Guidelines**

### **Director Qualification Standards**

- Each director of the Board of Directors (the "Board") of Gramercy Property Trust Inc. (the "Company") must have the following qualifications:
  1. Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company.
  2. An unblemished reputation for integrity.
  3. A reputation for exercising good business judgment.
  4. Sufficient available time to be able to fulfill his or her responsibilities as a member of the Board and of any committees to which he or she may be appointed.
- A majority of the directors must meet the independence requirements set forth, from time to time, in the listing standards of the New York Stock Exchange ("NYSE") and any other applicable laws, rules or regulations, including, without limitation, any rules promulgated by the Securities and Exchange Commission (the "SEC"). In determining independence, the Board will consider the definition of "independent" in the listing standards of the NYSE (Rule 303A). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board also must affirmatively determine that each independent director has no other material relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates. A relationship will be considered "material" if in the judgment of the Board it would interfere with the director's independent judgment.

### **Director Responsibilities**

- The directors will direct the management of the business and affairs of the Company with the goal of optimizing the Company's long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations.
- The directors will consider the impact of the Company's actions on the Company's shareholders, employees, partners, borrowers, lenders and brokers where it operates.
- Each director will attend substantially all the meetings of the Board and substantially all the meetings of each committee on which the director serves.
- Each director will review, before attending meetings of the Board or committees, all materials provided by the Company relating to matters to be considered at the meetings.
- The non-management directors will meet at least once a year without the presence of any directors or other persons who are part of the Company's management.

### **Director Access to Management and Independent Advisors**

Directors will have access to management and, as necessary and appropriate, to the Company's independent advisors, in order to keep themselves fully informed of the Company's affairs and to enable them to make sound business judgements.

### **Director Compensation**

In fixing the compensation to be paid to directors who are not employees of the Company for serving on the Board and on committees, the Board will consider the following:

- The compensation that is paid to directors of other companies which are comparable in size to the Company.
- The amount of time it is likely directors will be required to devote to preparing for and attending meetings of the Board and the committees on which they serve.
- The success of the Company (which may be reflected in stock options or other compensation related to the price of the Company's shares).
- If a committee on which a director serves undertakes a special assignment, the importance of that special assignment to the Company and its stockholders.
- The risks involved in serving as a director and a member of Board committees.

### **Director Orientation and Continuing Education**

- The Company will make available to each new director an opportunity to discuss the Company and its business with senior executives and inform each new director of Company policies which affect directors, including these Corporate

Governance Guidelines.

- The Company will make available to directors, at the Company's cost, professionally conducted programs regarding director responsibilities and other matters related to service on the Board.

## **Management Succession**

- As part of their role in directing the management of the business and affairs of the Company, the directors will be responsible for (a) ensuring that the Company's management has the capabilities to cause the Company to operate in an efficient and businesslike fashion, and (b) reviewing the qualifications of persons proposed as additional members of the Company's management or replacements for members of the Company's management.
- If there is a vacancy in a senior management position, other than that of chief executive officer, the Board will receive and review the recommendation of the chief executive officer for filling that vacancy.
- If it is anticipated that the chief executive officer will leave the Company at a specified future date, the Board will ensure that the process of selecting a successor chief executive officer will take place in a manner that is likely to create a smooth transition between chief executive officers.
- If there is an unanticipated departure of the chief executive officer, the Board will oversee (a) selection of a temporary chief executive officer to serve until a permanent replacement is selected, and (b) selection of the permanent replacement for the chief executive officer.

## **Annual Performance Evaluation of the Board**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

## **Management Responsibilities**

- Management is responsible for operating the Company in an effective, ethical and legal manner designed to produce value for the Company's shareholders consistent with the Company's policies and standards. Management is responsible for understanding the Company's activities and the material risks incurred by the Company as well as avoiding conflicts of interest with the Company and its shareholders.
- Management, under the oversight of the Board and audit committee of the Board, is responsible for producing financial statements that fairly present the Company's financial condition, results of operation, cash flows and related risks in a clear and understandable manner, for making timely and complete disclosures to investors and the public and for keeping the Board well-informed on a timely basis as to all significant matters of the Company.
- Senior management is responsible for developing and presenting to the Board for approval the Company's strategic plans and annual operating plans and budget.
- Senior management is responsible for selecting qualified members of management and for implementing an effective and ethical organizational structure.
- Senior management is responsible for developing, implementing and monitoring an effective system of (x) internal controls and procedures to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported and (y) disclosure controls and procedures that are designed to ensure information is properly and timely reported to ensure compliance with applicable securities laws, listing requirements and current contracts.

## **Meeting Procedures**

- Management shall be responsible for assuring that, where feasible, all information and data important to the understanding of the Company's business and matters to be considered by the Board shall be distributed in writing sufficiently in advance of each meeting to provide directors with a reasonable amount of time to review and evaluate such information and data.
- Directors are entitled to rely in good faith on (1) corporate records, officers or employees and on reports of Board committees and/or (2) any other person selected with reasonable cause as to matters reasonably believed to be within the person's professional or expert competence.

## **Disclosure**

This policy, the Company's charter and bylaws, each Board committee charter and the Company's code of business conduct and ethics will be posted on the Company's website and also will be available in print to any shareholder requesting it.

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