

# TALEO CORPORATION

## CORPORATE GOVERNANCE PRINCIPLES

Adopted March 17, 2004  
As Amended February 16, 2010

These principles have been adopted by the Board of Directors (the “Board”) of Taleo Corporation (the “Company” or “Taleo”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

### **1. Role of the Board**

The role of the Board of Directors at the Company is to oversee management by monitoring the performance of the chief executive officer (the “CEO”) and other senior management and to ensure that the best interests of shareholders are being served. To satisfy this responsibility, the Directors are expected to take a proactive approach to their duties and function as active monitors of corporate management. 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 and approves standards and policies designed and implemented by senior management to ensure that the employees and other constituents of the Company are committed to achieving corporate objectives through the highest standards of responsible conduct and ethical behavior, transparency and full compliance with legal requirements.

The day-to-day business of Taleo is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long-term value of the Company for the benefit of shareholders. The Board and management also recognize that creating long-term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Company’s employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective Directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The Board members know their position requires them to ask probing questions of management and outside advisors. The Board also relies 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 addition, the Board has the authority to hire outside advisors at the Company’s expense if they believe it is appropriate.

## **2. Selection of Chairman and CEO**

The Board shall fill the Chairman and CEO positions based upon what is in the best interests of the Company at any point in time. The Board does not require separation of the Chairman and CEO positions or allocation of the Chairman position to a non-employee director.

## **3. Lead Independent Director**

In order to facilitate communication between management and the outside directors, the Board shall elect a “Lead Independent Director,” who will have the following responsibilities:

- preside at all meetings of the Board at which the Chairman is not present;
- call and preside at all closed session meetings of the independent directors;
- prepare the agenda and approve materials for meetings of the independent directors;
- communicate with the Chairman and Chief Executive Officer, raise issues with management on behalf of the independent directors and act as a liaison between the Chairman and Chief Executive Officer and the independent directors when appropriate;
- consult with the Chairman regarding Board agendas, schedules and materials; and
- serve as the Board’s liaison for consultation and communication with shareholders as appropriate, including on request of major shareholders.

All members of the Board are encouraged to communicate with the Chairman and the CEO. In the event the Chairman of the Board is not a current or former executive of the Company and is an “Independent Director,” as defined in Rule 5605 of the Nasdaq Stock Market, Inc. Marketplace Rules (“Nasdaq Rules”), the Chairman shall be considered the Lead Independent Director for purposes of these principles.

## **4. Committees**

The Board shall have at a minimum three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee (the “Governance Committee”). The roles of these committees are described in their individual charters. The Board will continue to delegate substantial responsibilities to each of these committees, and each committee should consist solely of “Independent Directors,” as defined the Nasdaq Rules, and should appoint one of its

members as committee chair. The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined by the Board.

## **5. Assignment and Rotation of Committee Members**

Committees should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, annually upon recommendation by the Governance Committee. While composition of the committees of the Board should be reviewed each year to make certain that these committees are operating effectively, 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. Generally, each committee member should be considered for rotation when he or she has served five consecutive years on a particular committee and each committee chair should be considered for rotation every five years. In making the decision for rotation of committee membership and chair position, the Board will take into consideration the expertise of the individual committee member and the expertise of the other directors available for these positions.

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

Each committee chairman, in consultation with committee members, will determine the frequency and length of meetings of the committee, considering all relevant factors such as the committee's mandate, nature of current committee business to be discussed and the like. The Audit Committee shall meet at least quarterly to review the Company's quarterly and annual financial results as specified in its charter. The committee chairmen are free to call additional committee meetings at such times as they deem necessary and appropriate.

## **7. Committee Charters and Agendas**

Each committee shall have its own charter, which will set forth the principles, policies, objectives and responsibilities of the committee. Annually, each committee should review the existing committee charter and determine 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. Each committee chairman should prepare an agenda prior to each committee meeting and should consult with appropriate members of management for additional items which should be included in the 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 required, provided that the committee shall promptly advise the full Board of such engagement.

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

The Governance Committee shall review and approve the Company's code of business ethics and conduct applicable to directors, officers and employees; consider and review questions of possible conflicts of interest of Board members and corporate officers (other than related party transactions reviewed by the Audit Committee, as described

below); 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 in advance any proposed related party transactions in compliance with Nasdaq Rules and must present material related party transactions to the full Board for approval, review and approve the financial code of ethics for its senior financial officers, monitor compliance with the Company's financial code of ethics, and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

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

The Board has no less than four regularly scheduled meetings each year at which it reviews and discusses leadership continuity, management reports on the performance of the Company, the Company's plans and prospects, as well as more immediate issues facing the Company. The Chairman of the Board (in consultation with the CEO, if not the same person, and the Lead Independent Director) will set the agenda for each Board meeting. Each Board member is free to suggest inclusion of items on the agenda. A representative from the Company's outside counsel should be available to attend each Board meeting. The Board will review the Company's long-term strategic plans during at least one Board meeting per year.

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

To the extent possible, 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 should be distributed in writing to the Board a sufficient number of days before the meeting to enable the Directors to read and prepare for the meeting.

## **11. Board Presentations and Discussions**

Directors are expected to prepare for, attend, and actively participate in all Board and applicable Committee meetings. As a general rule, preparation material on specific subjects should be sent to the Board members in advance so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions when the subject matter is too sensitive to be distributed, the subject will be introduced at the meeting.

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

It is anticipated that certain members of management (e.g., the Chief Financial Officer and such other members of the executive staff as the CEO may from time to time designate) will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time. Specifically, the Board encourages management to schedule managers to be present at Board meetings

who can provide additional insight into the items being discussed because of personal involvement in these areas. It is understood that Company personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

### **13. Meetings of Independent Directors and with Outside Auditors**

It is the policy of the Board to have separate meeting times for independent Directors without management. Such meetings should be held as part of the four regularly scheduled board meetings, and at such other times as requested by an independent Director. In addition, the Audit Committee shall meet with the Company's outside auditors without management present at such times as it deems appropriate, but not less than quarterly.

### **14. 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.

### **15. Board Compensation Review**

The Governance Committee should conduct a periodic review of director compensation. This review may include consultation with outside consultants and/or with the Company's human resources department when appropriate in order to evaluate director compensation compared to other companies of like size in the industry. Any change in Board compensation should be approved by the full Board. Ownership of stock by the Directors is encouraged.

### **16. Size of the Board**

The Board presently has eight members. The size of the Board 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.

### **17. Composition of Board**

The Board believes that as a matter of policy there should be a significant majority of independent Directors on the Board. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company's business.

### **18. 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 Nasdaq Rules as set forth in Section 4 above. 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 Nasdaq Rules and any applicable SEC Rules.

#### **19. Board Membership Criteria and Selection**

The Governance Committee should review on an annual basis, in the context of recommending a class of Directors for stockholder approval, the composition of the Board, including issues of character, judgment, diversity, age, expertise, corporate experience, length of service, independence, other commitments and the like. Selection of new directors requires recommendation of a candidate by the Governance Committee to the full Board. The Board has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders. The Governance Committee will consider candidates for the Board of Directors recommended by stockholders, which may be submitted to the Company in accordance with the Company’s policies and procedures for stockholder recommendations.

#### **20. Assessing the Board’s Performance**

Under the direction of the Governance Committee, at the end of each fiscal year the Board should review the Board’s performance during the prior year. This assessment should focus on areas in which the Board or management believes a better contribution can be made going forward to increase the effectiveness of the Board. As part of this process the Board will conduct an evaluation to review the progress and effectiveness of the Board and its committees, and will submit comments to the Lead Independent Director and the Governance Committee. The Governance Committee will then report back to the Board, and the full Board will consider and discuss the committee’s report.

#### **21. Term Limits**

The Board believes that Directors should not have “unlimited tenure.” Except for filling vacancies and adding new Directors, all Directors shall be subject to recommendation by the Governance Committee and nomination by the Board, and election by class at the applicable annual meeting of stockholders.

#### **22. Directors Whose Responsibilities Change**

A director whose primary employment status changes materially from the most recent annual meeting when the director was elected to the Board is expected to submit a letter of resignation to the Board. The Board does not believe that a director in this circumstance should necessarily leave the Board, but that the director’s continued service should be re-evaluated under the established board membership criteria. Accordingly, upon such event, the Governance Committee will review the appropriateness of the director’s continued service on the Board and recommend to the Board whether the

director's continued service is appropriate under the new circumstances. The Board shall then decide whether to accept such resignation.

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

The Company will assist new Directors in learning about the Company and its business as well as an introduction to Taleo's senior management. Further, the Company encourages Directors to participate in continuing education programs focused on the Company's business and industry and legal and ethical responsibilities of board members.

### **24. Formal Evaluation and Compensation of the Chief Executive Officer**

The formal evaluation of the Chief Executive Officer and other executive officers should be made in the context of annual compensation review by the Compensation Committee, with input from other Board members, and should be communicated to the CEO by the Lead Independent Director and the Chairman of the Compensation Committee. The evaluation should be based on objective criteria, including performance of the business and accomplishment of long-term strategic objectives in accordance with the principles established in the Compensation Committee charter. Ownership of stock by the CEO and other executive officers is encouraged.

### **25. Succession Planning**

The Governance Committee in consultation with the full Board is primarily responsible for CEO succession planning. In addition, it shall monitor management's succession plans for other key executives. Succession planning can be critical in the event the CEO or other key executives should cease to serve for any reason, including resignation or unexpected disability. In addition, the Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

### **26. Management Development**

The Governance Committee shall confer with the CEO to encourage management's employee development programs.

### **27. Board Interaction with Investors, the Press, Customers, etc.**

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

In cases where shareholders wish to communicate directly with the independent, non-management directors, they may do so by writing to the Board of Directors, c/o Chairman of Corporate Governance and Nominating Committee at Taleo's principal

executive offices. The Lead Independent Director receives all messages sent to this address, forwards communication to the appropriate committee of the Board or non-management Directors and facilitates an appropriate response.

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.

**28. Formulation of Strategy**

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

**29. Periodic Review of Guidelines**

The Governance Committee and the Board should review these guidelines annually.