

# **CORPORATE GOVERNANCE GUIDELINES**

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## **CORPORATE GOVERNANCE GUIDELINES**

### **Selection and Composition of the Board**

#### **1) Board Membership Criteria**

Nominees for Director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, mature judgment, acumen, character, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time and efforts to Board responsibilities. The Governance and Nominating Committee is responsible for reviewing with the Board of Directors the appropriate skills and characteristics required of Board members.

#### **2) Selection of New Directors**

The Board of Directors is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance and Nominating Committee shall also consider advice and recommendations from others as it deems appropriate.

#### **3) Extending the Invitation to a Potential Director to Join the Board**

The invitation to join the Board is extended by the Board itself through the Chairman of the Governance and Nominating Committee and the Chairman of the Board.

#### **4) Director Responsibilities**

A Director is expected to spend the time and effort necessary to discharge properly such Director's responsibilities. Accordingly, a Director is expected to regularly attend meetings of the Board and committees on which such Director sits as well as the Annual Meeting of Stockholders, and to review prior to meetings material distributed in advance of such meetings. A Director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

#### **5) Board Orientation and Continuing Education**

The Company shall provide new Directors with a Director orientation program to familiarize such Directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics,

corporate governance guidelines, principal officers, internal auditors and independent auditors. The orientation process for new Directors is designed to make the Directors knowledgeable about the Company and includes briefings by the Chief Executive Officer and Management. Each Director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a Director.

## **Board Leadership**

### **6) Chairman of the Board**

The Board determines the choice of a Chairman of the Board. In making this selection, the Board exercises its collective best judgment as to the candidate best suited to meet the Company's needs at a given point in time.

### **7) Lead Independent Director**

A Lead Independent Director shall be elected by a majority of the Independent Directors (as defined below) for a term, and to perform such duties and responsibilities, as may be specified by the Board and outlined in the Charter of Lead Independent Director of Owens Corning as may be approved by the Board from time to time.

## **Board Composition and Performance**

### **8) Size of the Board**

Pursuant to the Company's Bylaws, the number of Directors shall be fixed from time to time by the Board.

### **9) Director Independence**

It is the policy of the Company that the Board consist of a majority of Directors who are independent under all applicable legal, regulatory and stock exchange requirements ("Independent Directors"). The Governance and Nominating Committee has established Director Qualification Standards to assist it in determining Director independence, which either meet or exceed the independence requirements of the New York Stock Exchange ("NYSE") corporate governance listing standards. The Board will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the Director, but also from that of persons or organizations with which the Director has an affiliation.

### **10) Separate Sessions of Non-Management Directors**

The non-management Directors of the Company shall meet in executive session without Management on a regularly scheduled basis, but no less than three times a

year. At least one such meeting each year shall include only Independent Directors. The Lead Independent Director shall preside over these executive sessions.

Any interested parties desiring to communicate with the Lead Independent Director or with the other independent or non-management Directors regarding the Company may directly contact any of such Directors by sending an email to [non-managementdirectors@owenscorning.com](mailto:non-managementdirectors@owenscorning.com).

**11) Former Officer's Continued Board Membership**

When an Officer of the Company retires from or otherwise ceases full time employment with the Company, he/she shall immediately resign as a Director.

**12) Directors Who Change Their Present Job Responsibility or Professional Affiliation**

Directors are expected to advise the Chairman of the Governance and Nominating Committee and the Chairman of the Board prior to any change in job responsibility or significant change in professional affiliation and submit a letter of resignation.

Changes to job responsibility or professional affiliation may include, without limitation, retirement, appointments to new positions with existing employers, changes in employers or joining the board of directors of a publicly traded company.

In such cases, the Governance and Nominating Committee shall review the continued appropriateness of Board membership and make a recommendation for Board consideration as to whether to accept the resignation. The affected Director is expected to act in accordance with the Board's determination following such review.

**13) Service on Other Boards**

Directors are expected to devote adequate time for preparation and attendance at Board and Committee meetings, including the Annual Meeting of Stockholders. Directors who are employed full time as executives shall not serve on more than three publicly traded company boards (including service on the Company's Board). Other Directors shall not serve on more than five boards of publicly-traded companies (including service on the Company's Board).

As noted in the Company's Audit Committee Charter, no Director may serve as a member of the Audit Committee if such Director serves on the audit committees of more than two other publicly traded companies, unless the Board determines that such simultaneous service would not impair the ability of such Director effectively to serve on the Committee. Any such determination will be disclosed in the Company's annual proxy statement.

**14) Retirement Age**

Effective January 1, 2009, the retirement age for Directors is 73. Following such effective date, a Director who has attained age 73 may continue to serve as a Director until the next succeeding annual meeting of stockholders.

**15) Board Compensation Review**

The Compensation Committee of the Board will periodically review the level and form of the Company's Director compensation, including how such compensation relates to Director compensation of companies of comparable size, industry and complexity. The Compensation Committee receives an annual report from the Company concerning the status of Board compensation in relation to other comparable companies. The Compensation Committee's review will also include a review of both direct and indirect forms of compensation to the Company's Directors, including any charitable contributions by the Company to organizations in which a Director is affiliated, and consulting or other similar arrangements between the Company and a Director. Changes to Director compensation will be proposed to the full Board for consideration.

Director's fees, including any additional amounts paid to members and chairs of committees of the Board, are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that, if permitted by applicable laws, regulations and rules, a member of the Audit Committee may also receive pension or other forms of deferred compensation from the Company for prior service so long as such compensation is not contingent in any way on continued service.

As part of the director's total compensation and to more closely align the interests of directors and the Company's stockholders, the Board believes that a meaningful portion of the director's compensation should be paid in the form of common stock of the Company. The Compensation Committee oversees stock ownership guidelines applicable to directors.

**16) Assessing the Board's Performance**

The Governance and Nominating Committee shall sponsor an annual self-assessment of the performance of the Board and its committees, the results of which will be discussed with the full Board of Directors. The assessment shall include a review of any areas in which the Board or Management believes the Board or any committee can make a better contribution to the Company. The Governance and Nominating Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

## **Board Relationship to Management**

### **17) Board Access to Management**

Directors have complete access to Management. Board members shall coordinate such access through the Chief Executive Officer.

The Board of Directors encourages the Chief Executive Officer to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) have future potential that senior management believes should be given exposure to the Board.

The Board shall have access to, as deemed necessary or appropriate in the discharge of its duties, and authority to engage, at the Company's expenses, independent financial, legal, accounting and other advisors. Board committees may wish to hire their own outside counsel, consultants and other professionals to advise them in the discharge of their duties. The parameters of any such retention shall be set forth in their respective charters.

## **Meeting Procedures**

### **18) Frequency of Meetings**

There shall be six regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

### **19) Selection of Agenda Items for Board Meetings**

The Chairman of the Board establishes the agenda for each Board meeting.

The Lead Independent Director and other Board members may suggest the inclusion of item(s) on the agenda.

## **Committee Matters**

### **20) Number and Structure of Committees**

The Company's Bylaws provide that the Board of Directors may, from time to time, designate committees of the Board with such delegated powers and duties as the Board confers. The standing committees of the Board are Audit, Compensation, Governance and Nominating, Executive and Finance. Each committee operates within a charter approved by the Board.

### **21) Selection of Committee Members**

The Governance and Nominating Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the

Board with respect to the assignment of Board members to various committees. After reviewing the Governance and Nominating Committee's recommendations, the Board shall be responsible for appointing the Chair and members to the committees on an annual basis.

**22) Independence of Board Committees**

Each of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

**23) Committee Agenda**

The Chair of each committee, in consultation with the appropriate members of Management, develops the committee's agenda.

**Leadership Development**

**24) Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

**25) Evaluation of the Chairman of the Board and the Chief Executive Officer**

The Governance and Nominating Committee annually prepares and circulates questionnaires to obtain Board members' evaluations of the performance of the Chairman of the Board and the Chief Executive Officer in key performance areas applicable to such individuals. The Chairman of the Governance and Nominating Committee shares the results of such evaluations with the Board of Directors.

The results of such evaluations are also shared with the Compensation Committee, for use by the Compensation Committee in its evaluation of the performance of the Chairman of the Board and the Chief Executive Officer pursuant to the Compensation Committee Charter.

**26) Succession Planning**

The Chief Executive Officer presents an annual report on succession planning and evaluation of key executives.

The Chief Executive Officer presents a recommendation to the Board of Directors, updated as appropriate, as to his/her successor should he/she be unexpectedly disabled.

**27) Management Development**

The Chief Executive Officer presents an annual report on the Company's program for Management development, in conjunction with the succession planning report.