

# SIGMA-ALDRICH CORPORATION CORPORATE GOVERNANCE GUIDELINES

Approved at December 2014 Board Meeting

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## **A. Role of the Board**

### **1. General**

The Sigma-Aldrich Corporation (the “Company”) Board of Directors (the “Board”), which is elected by the shareholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the shareholders. The Board represents the shareholders’ interest in developing a successful business in the Company’s chosen markets with a primary focus on optimizing, on a sustainable basis, financial returns for the Company’s shareholders. The Board is responsible for selecting the Company’s senior management team; to provide advice and counsel to management in its operation of the Company’s business in accordance with the strategy approved by the Board; and then to monitor the performance of management in achieving agreed goals and targets as well as assessing and managing the risks associated with the enterprise.

In addition to providing leadership, direction and support to management in the creation of increased shareholder value, the Board must take into account the customers and employees of the Company, all of whom are essential for the Company’s sustainable, long-term success.

### **2. Major Responsibilities**

The basic responsibility of a director is to discharge the director's duties in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Company. The major responsibilities of the Board include:

- Establish the most significant policies and procedures of the Company;
- Ensure that the Company’s Chief Executive Officer (the “CEO”) and senior management are personally committed to high ethical standards, principles of fair dealing and full compliance with legal requirements – set the “Tone at the Top”;
- CEO selection and succession planning;
- Monitor performance of management against agreed metrics, targets and goals;
- Monitor compliance of the Company with law, regulation and internal policy;
- Review of controls and risk management process to ensure they are adequate;
- Monitor and evaluate the effectiveness of the Board;

- Approve corporate strategy and major management initiatives; and monitor performance against the same; and
- Provide leadership in managing crisis.

All major decisions are to be considered by the Board as a whole.

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

### **1. Membership Criteria**

Members of the Board should, collectively, possess the skills and experience necessary to successfully perform the Board's responsibilities. The Company's Corporate Governance Committee (the "Governance Committee") shall review with the Board, on an annual basis, its proposal as to what constitutes the appropriate skills and characteristics required of Board members and how the current make-up of the Board relates to the same. This assessment should include a review of each sitting director's diversity, age, contribution to meetings, ability to work with other directors, international background and skills such as an understanding of life science, high technology, complex industries, logistics, and other relevant competencies – all in the context of an assessment of the perceived needs of the Board at that point in time. The Sigma-Aldrich Board Member Selection Criteria shall be used in part by the Governance Committee in evaluating Board members and in selecting new members to join the Board.

### **2. Selection of New Directors**

The Board is responsible for recruiting potential new members of the Board and recommending them for election by the shareholders. The Board delegates the screening and approval process involved to the Governance Committee with the direct input from the Company's Chairman of the Board (the "Chairman"), Presiding Director, if any, and CEO.

### **3. Orientation of New Directors**

The orientation of new directors is accomplished through the provision of background material, meetings with senior management and visits to Company facilities. The Governance Committee is charged with the responsibility to ensure that new directors receive a suitable orientation program.

### **4. Continuing Education**

Each director is expected to be involved in continuing director education on an ongoing basis to enable him/her to better perform his/her duties and to recognize and deal appropriately with issues that arise. The Company shall pay all reasonable expenses related to continuing director education.

## **C. Board Leadership**

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

The Board does not have a firm policy, one way or the other, on whether or not the role of the CEO and Chairman should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee directors or be an officer of the Company. Irrespective of whether the roles are separated or not, the Chairman and the CEO will be selected by the Board using criteria the Board deems pertinent

given the progress of the Company, the strength and competencies of the Board as a whole as well as the strength and competencies of senior management of the Company.

**2. Presiding Director**

In the event the Board determines that it is in the best interests of the Company and its shareholders for the Chairman to also hold the title of CEO, the Board shall elect from its members a Presiding Director who shall have the duties enumerated in Schedule C.2 to these Guidelines and such other duties as the Board shall determine from time to time. The Presiding Director shall serve for no more than five (5) years in that role.

**3. Collective Responsibility**

All directors are expected to be active participants and share collective responsibility in the Board's activities. The Board may choose to act through one or more of its committees but shall reserve for itself decisions that only the Board is able to make under applicable law, and the Company's Certificate of Incorporation and By-Laws.

**D. Board Composition and Performance**

**1. Size**

The Board has determined after reviewing the size of the boards of directors of similarly situated corporations that the ideal size of the Board ranges from nine to eleven members. The Board is willing to increase above eleven members in order to accommodate the availability of an outstanding candidate(s). The Board will periodically evaluate whether a larger or smaller Board may be most appropriate.

**2. Mix of Inside and Outside Directors**

The Board will consist of a substantial majority of independent directors. The Board recognizes the potential value in having members of management, in addition to the CEO, as directors.

**3. Definition of What Constitutes Independence**

The Company defines an "independent" director in accord with NASDAQ listing requirements. An independent director must meet the applicable independence requirements of NASDAQ, Securities and Exchange Commission ("SEC") regulations and any other applicable law. The Board is responsible to affirmatively determine as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

**4. Former Chief Executive Officer's Board Membership**

The Board is of the view that a determination as to whether the CEO should become, or continue, as a Board member after retiring or resigning the role of CEO must be made on a case-by-case basis to ensure the best interests of the Company and its shareholders are preserved. When the CEO retires or resigns from that position, he/she should submit his/her resignation from the Board at the same time. The Board shall make a decision as to whether to accept or reject the resignation at that time.

**5. Directors Who Change Their Present Job Responsibility or Resign Due to By-Laws**

In the event a sitting Board member changes the principal occupation he/she held when he/she was elected to the Board, that director should submit his/her resignation to the Board. In such event, or in the event a director tenders his/her resignation from the Board due to a reason set forth in the Company's By-laws, the Governance Committee shall review the same, assess whether or not it is appropriate for such director to continue to serve on the Board and make a recommendation to the full Board as to how to best proceed. It is not the sense of the Board that in every instance directors tendering their resignation should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under the circumstances. The Governance Committee shall lead the review of such matter.

**6. Term Limits**

Directors are elected for one-year terms with the entire Board standing for election at each annual meeting of shareholders. The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and who provide the benefit of continuity.

**7. Retirement Age**

Directors are required under the Company's By-Laws to retire from service on the Board no later than the meeting of shareholders at which directors stand for election next following the director's 72<sup>nd</sup> birthday unless otherwise determined by the Board.

**8. Compensation Review**

The Governance Committee shall conduct an annual review of the compensation for the non-employee directors and report thereon with recommendations for changes, if any. As a general matter, the Board shall benchmark the compensation of its non-employee directors against the same group of comparator companies the Company's Compensation Committee uses when reviewing and approving senior management compensation.

As part of a non-employee director's total compensation and to create a direct linkage with corporate performance, the Board believes a meaningful portion of a non-employee director's compensation should be provided in shares of the Company's common stock and/or options for such shares.

It is the Board's policy not to compensate a non-employee director an amount in addition to regular directors' fees. In the unlikely event that it is determined that retaining a non-employee director for additional services is in the best interests of the Company, such retention, and the proposed fees therefore, shall be disclosed to the Board for prior approval.

**9. Shareholding Requirement**

All directors are expected to own, at a minimum, shares equivalent in value to five (5) times the annual retainer. New directors are expected to achieve this level over a five (5) year period or sooner from the time of appointment.

**10. Executive Sessions of Independent Directors**

The independent directors of the Board hold executive sessions during each regularly scheduled meeting. Additional executive sessions may be scheduled as required upon the request of a majority of the independent directors and after serving proper notice. Unless otherwise decided by the independent directors, executive sessions are chaired by the Chairman when the role of Chairman and CEO are split and otherwise by the Presiding Director. Members of the Board who are employees or who are not independent are excused from Board or committee meetings when appropriate.

**11. Access to Outside Advisors**

The Board has access to and does employ outside advisors when members feel that it is advisable.

**12. Assessing the Board's Performance**

The Board collectively reviews its performance at the end of each fiscal year. This assessment specifically reviews areas in which the Board and/or management believe a better contribution could be made.

**13. Interaction with Institutional Investors, Press, Customers, Etc.**

The Board believes management speaks for the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman or such person as he or she may delegate.

Shareholders can communicate directly with the Board, any individual director or any of the Board's committees by mailing correspondence to: Board of Directors – Sigma-Aldrich Corporation, P.O. Box 775544, St. Louis, Missouri 63177.

**14. Confidentiality**

The proceedings and deliberations of the Board and its committees and advisers are confidential. In addition, through the course of service as Board members, Board members may acquire trade secrets, proprietary information and other confidential, non-public information of the Company. Each Board member is expected, during and after his/her service as a director, to maintain the confidentiality of all information received in connection with his/her service as a director.

**15. Outside Boards**

The Company does not have a policy limiting the number of directorships a member of its Board can hold. As a matter of principle, the Board believes a director can adequately serve the interests of shareholders on no more than four (4) public company boards of directors at any given time. Directors should advise the Chairman of the Governance Committee prior to accepting any invitation to serve on another public company board. In the event it appears to the Board that a director, due to

other board commitments, does not have sufficient time to devote to the requirements of the Board, that director will be asked to reassess his/her ability to properly discharge the duties of a director of the Company.

No director may serve on the audit committee of more than two (2) publicly traded companies, not including service on the Company's Audit Committee.

***E. Board Relationship to Senior Management***

**1. Regular Attendance of Non-Directors at Board Meetings**

The Board invites the attendance at each Board meeting of non-Board members who are members of senior management to provide briefings to the Board on areas of their respect responsibilities.

**2. Access to Management**

Board members have complete access to the Company's management. Senior management, on a regular basis, requests that lower level managers attend certain Board meetings for the purpose of: (a) providing additional insight into the items being discussed because of personal involvement in these areas; and (b) showcasing to the Board managers with future advancement potential to give the Board an understanding of succession planning and the talent pool within the Company.

***F. Board Meeting Procedures***

**1. Selection of Agenda Items**

The Chairman and the CEO (if the Chairman is not the Chief Executive Officer) will establish the agenda for each Board meeting in consultation with the Presiding Director, if any. Each Board member is free to suggest the inclusion of item(s) on the agenda.

**2. Frequency and Length of Meetings**

The Chairman and the CEO (if the Chairman is not the Chief Executive Officer), in consultation with the members of the Board, will determine the frequency and length of the Board meetings. Special meetings may be called from time to time as determined by the needs of the business.

**3. Materials Distributed in Advance**

Information and data that are important to the Board's understanding of the business to be conducted at a meeting are distributed in written or electronic form to the Board with sufficient time before the Board meets to enable the members to review and analyze the same sufficiently in preparation for the upcoming meeting. Management makes every attempt to see that such materials are accurate and thorough yet concise.

**4. Attendance**

A director is expected to attend all Board meetings and meetings of committees on which the director serves, and to spend the time needed and meet as frequently as necessary to properly discharge the director's responsibilities. All directors are encouraged to attend annual meetings of shareholders when possible.

## **G. Committee Matters**

### **1. Number, Structure and Independence**

The Board views the current standing committee structure (Audit, Governance, Compensation and Science & Technology) as appropriate. This structure is reviewed annually by the Governance Committee who reports thereon to the full Board with proposals for change, if required. The membership of the Audit, Governance, Compensation and Science & Technology Committees shall consist solely of independent directors except that the Science & Technology Committee may have one or more non-independent directors as members. Such other committees, as may be created from time to time, may be appointed from members of the Board.

### **2. Assignment and Rotation of Members**

The Governance Committee is responsible, after consultation with the Chairman and the CEO and consideration of the desires of individual Board members, for the recommendation for assignment of Board members to various committees. The Governance Committee, in its annual review of committee assignments, takes into consideration the need for continuity, subject matter expertise, applicable SEC, IRS and NASDAQ requirements, tenure and the desires of individual Board members. The Board has adopted a guideline of rotating members among the committees every seven (7) years, taking care to ensure that members with financial expertise continue to serve on the Audit Committee. Rotations may be waived in individual cases, however, where there are reasons to maintain an individual director's committee membership or status as chairman thereof.

### **3. Frequency and Length of Meetings**

The committee chairman, in consultation with committee members, determines the frequency and length of the meetings of each committee.

### **4. Agendas**

The committee chairman, in consultation with the appropriate members of senior management and staff, develops each committee's agenda.

## **H. Leadership Development**

### **1. Evaluation of the Chief Executive Officer**

As part of its approval of the annual targets for the CEO and its consideration of his/her compensation, the Compensation Committee shall evaluate the performance of the CEO at least annually. This evaluation shall be reviewed with and discussed among the non-employee members of the Board, and should then be communicated to the CEO by the Compensation Committee Chairman. The evaluation includes an assessment based on both subjective and objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of the management team and others.

### **2. Succession Planning**

The CEO makes an annual report to the Board on succession planning within the management ranks. The Compensation Committee shall, no less than annually, review succession plans for the CEO, the Company's named executive officers and

such other key managers as the Compensation Committee shall determine from time to time.

**3. Management Development**

The CEO makes an annual report to the Board on management development within the management ranks.

**4. Acting Chairman of the Board**

If the Chairman dies or becomes incapacitated, the Presiding Director will assume the role and carry out the duties until the next meeting of the Board. If there is no Presiding Director, then the Board shall meet immediately to select a successor Chairman on either a permanent or temporary basis as the Board shall determine.

When the roles of Chairman and CEO are split and if the CEO dies or becomes incapacitated, the Chairman will assume the role and carry out the duties of the CEO until the next meeting of the Board. The Board shall then select a successor CEO on either a permanent or temporary basis as the Board shall determine.

***I. Business Conduct***

**1. Business Conduct Policy**

The Board has adopted a Business Conduct Policy (the "Policy") applicable to all officers and employees, addressing issues such as conflicts of interest, compliance with laws and regulations and enforcement of the provisions of the Policy. The Policy shall apply to the members of the Board as well, except for those portions of the Policy that apply only to employees. The Governance Committee reviews the Policy from time to time and determines whether to recommend any changes to the Board.

***J. Corporate Governance Guidelines***

**1. Review of These Guidelines**

The Governance Committee reviews from time to time (at least annually) these Guidelines and determines whether to recommend any changes to the Board.

## **SCHEDULE C.2**

### **RESPONSIBILITIES OF PRESIDING DIRECTOR**

- |              |   |
|--------------|---|
| Presides     | <ul style="list-style-type: none"><li>• All Board meetings and independent directors executive sessions at which the Chairman is not present.</li></ul>   |
| Oversees     | <ul style="list-style-type: none"><li>• As appropriate, preparation of agendas for such executive sessions in consultation with other directors and the Chairman/CEO</li></ul>  |
| Convenes     | <ul style="list-style-type: none"><li>• Meetings of independent directors, as appropriate</li></ul>   |
| Approves     | <ul style="list-style-type: none"><li>• Proposed Board meeting agendas and schedules and information sent to the Board</li></ul>  |
| Liaison      | <ul style="list-style-type: none"><li>• Between the Chairman and independent directors in matters relating to the Board (although all independent directors are encouraged to freely communicate with the Chairman/CEO at any time)</li></ul>   |
| Authorized   | <ul style="list-style-type: none"><li>• To hire consultants on the Board's behalf when needed</li></ul>   |
| Be Available | <ul style="list-style-type: none"><li>• As spokesperson on behalf of the Board with the Chairman/CEO present</li><li>• As deemed appropriate by the Board, for consultation and direct communication with shareholders (however, in individual circumstances, any Board member may be asked to take the lead)</li></ul> |