

# Corporate Governance Guidelines

---

## **CORPORATE GOVERNANCE GUIDELINES**

The responsibility of the Company's Board of Directors is to enhance shareholder value in the long term. It accomplishes this by selecting an executive management team to capably develop and execute an effective business strategy, and by counseling and overseeing the performance of that team.

The Board has adopted these Corporate Governance Guidelines to assist it in discharging its responsibilities in a manner suitable to its unique features, and in compliance with law and stock exchange listing standards. The Corporate Governance Guidelines will be reviewed and, if advisable, modified as appropriate.

## **DIRECTOR SELECTION PROCESS AND QUALIFICATION STANDARDS**

The Board is responsible for considering and recommending Director candidates for election by the shareholders. The Corporate Governance and Nominating Committee assists the Board with this function by identifying and recommending to the Board individuals qualified to become Board members. In determining board membership qualification criteria, the Board considers issues such as integrity, candor, judgment, skills and experience understanding the industry in which the Company operates, leadership, strategic understanding and independence. These factors are considered in the context of the current membership of the Board. There are no "minimum requirements" as such, although integrity and judgment are considered absolute requirements. Rather, the board examines all capabilities, skills, and experience in evaluating director candidates. The Corporate Governance and Nominating Committee does not have an express policy with regard to consideration of diversity in identifying director nominees. However, the Corporate Governance and Nominating Committee does consider issues of diversity in evaluating director candidates and the Board and the Corporate Governance and Nominating Committee believe it is important that the board members represent diverse skills, personal and professional experience and viewpoints. The Corporate Governance and Nominating Committee assists the Board in performing an annual evaluation to assess the effectiveness of the Board and of its Committees.

Independence of individual Directors is evaluated on an annual basis against the criteria adopted by the Board from time to time, and in compliance with stock exchange listing requirement as well as applicable law. The Company's Board, and the Board's standing committees, are comprised of a majority of independent Directors.

The size of the Board is determined annually by the Directors based on the needs of the Board for a desirable blend of skills and experience, and work to be performed by the Board. The number of Directors is recommended to shareholders, along with the proposed slate of Directors for approval of shareholders at the Annual Meeting of

Shareholders. The Company's Board is comprised of a majority of independent Directors. All standing committees are comprised entirely of independent Directors.

The Board believes it should not limit the service of experienced Directors by imposing term limits or mandatory retirement age. Further, the Board depends on each Director to reasonably assess his or her service on other Boards so as to be able to participate fully on behalf of the Company.

## **DIRECTOR RESPONSIBILITIES**

The Board's role is to understand and approve the Company's strategy, understand its business environment, and oversee operation of the business, all toward the goal of maximizing shareholder value. To facilitate this role, the primary responsibilities of Directors include:

- assuring that management develops a sound business strategy
- overseeing financial performance and reporting
- selecting the Chief Executive Officer, assessing his or her performance
- developing succession planning processes
- overseeing compliance and risk management

In order to maximize the Board's performance, Directors are expected to devote the time and effort necessary to fulfill these functions, by maintaining acceptable attendance at Board and Committee meetings, and by reviewing pre-read materials provided in advance of meetings.

Non-Directors in senior management positions within the Company may be invited to attend Board meetings to share particular insights for the Board's deliberations, and for development purposes. Directors may contact non-Director senior managers at any time, using judgment to assure such contact is not disruptive to the business.

The Board may engage independent advisors, including, without limitations, legal counsel, accounting experts, and business consultants.

## **DIRECTOR COMPENSATION**

Director Compensation shall be reviewed periodically by the Compensation Committee, and recommended to the Board for approval. Such compensation shall be reasonable in relation to comparable companies, and based upon

relevant market data. A portion of Director compensation may be in the form of equity grants, in the discretion of the Board.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

Directors newly elected or appointed to the Board will be provided with orientation to the Company by means of personal briefings by executives, and written materials describing the Company, its strategy, markets, financial reports and other relevant matters.

All Directors will be given periodic updates on regulatory and other developments affecting the business and the functioning of the Board. Directors will also be provided with materials regarding the Company's business and operations.

## **BOARD AND COMMITTEE STRUCTURE**

The current Committees of the Board of Directors are Audit, Compensation and Corporate Governance and Nominating. All Committee members are independent Directors. The Board has adopted Charters for each of these Committees.

The Board retains the authority to form new Committees or disband current Committees as it deems advisable so long as it complies with applicable listing standards and regulations.

Chairs of Committees and of the Board will prepare agendas for their respective meetings, in coordination with executive management. Directors may suggest appropriate agenda items for inclusion in meetings.