

Governance Principles

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Tenneco Inc. recognizes that sound principles of corporate governance are essential to obtaining and retaining the trust and respect of investors and other persons and groups interested in the company and its activities, including employees, customers, suppliers, communities in which it does business, government officials and the public generally. The Board of Directors has approved the following Corporate Governance Principles, as well as Charters for its key committees, that are intended to provide a framework for the governance of the company.

1. Role of Directors

The business of the company is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer and oversight of the Board of Directors. The Board of Directors is elected by the stockholders to oversee management and to ensure that the long-term interests of the stockholders are being served.

2. Director Qualification Standards

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and should be committed to serving on the Board of Directors for an extended period of time.

The following sets forth other qualification requirements applicable to the Board of Directors. The Compensation/Nominating/Governance (CNG) Committee will be responsible for reviewing and proposing to the Board of Directors additional qualifications for directors as determined to be necessary or appropriate, taking into account the composition and skills of the entire Board of Directors.

- a. A majority of the members of the Board of Directors must qualify as independent as determined under the applicable rules of the New York Stock Exchange (NYSE).
- b. As provided in the company's by-laws, no person who shall have attained the age of 72 shall be eligible for election or reelection as a director, except as may otherwise be determined in the good faith judgment of the Board of Directors.
- c. Directors are encouraged to restrict the number of public company boards on which they serve. Directors shall advise the Chairman of the CNG Committee, Chairman of the Board and General Counsel promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee (or any committees performing similar functions) of the board of directors of any public company of which such director is a board member. If a director serves on the audit committee of more than three public companies, the Board must determine whether or not such simultaneous service impairs such director's ability to effectively serve on the company's Audit Committee, and the Board's decision shall be disclosed in the company's annual proxy statement or in another manner permitted by the applicable rules of the NYSE.
- d. Directors are expected to report changes in their business or professional affiliations or responsibilities, including retirement, to the Chairman of the Board and the Chairman of the CNG Committee. A director should offer to resign if the remaining members of the Board of Directors, by majority vote, conclude that the director no longer meets the company's requirements for service on the Board of Directors.
- e. No director shall serve as a director, officer or employee of a competitor of the company, unless specifically approved by the other members of the Board of Directors by majority vote and otherwise as permitted by applicable law.

- f. The Chief Executive Officer and any other officer of the company who is a director shall offer to resign from the Board of Directors when such individual ceases to be the Chief Executive Officer or other officer of the company.
- g. The Board of Directors does not deem it advisable to mandate fixed rotation of committee members and/or chairpersons since at any time there may be reasons for maintaining continuity. The Board of Directors, however, shall rotate committee members and/or chairpersons from time to time.

3. Independence of Directors

As described above, a majority of the members of the Board of Directors must qualify as independent as determined under the applicable rules of the NYSE.

To be considered independent under the NYSE rules, the Board of Directors must affirmatively determine that a director does not have any direct or indirect material relationship with the company. The Board will review all commercial and charitable relationships of directors at least annually. The Board of Directors has established the following guidelines to assist it in determining director independence in accordance with the NYSE rules:

- a. The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence:
 - i. if the director is an employee, director or beneficial owner of less than 10% of any class of shares of another company that (directly or indirectly through its subsidiaries or affiliates) does business with Tenneco (or its subsidiaries or affiliates) and the annual sales to, or purchases from, the company (or its subsidiaries or affiliates) are less than 1% of the annual consolidated revenue of both Tenneco and the other company;
 - ii. if the director is an employee, director or beneficial owner of less than 10% of any class of shares of another company that (directly or indirectly through its subsidiaries or affiliates) is indebted to Tenneco (or its subsidiaries or affiliates), or to which Tenneco (or its subsidiaries or affiliates) is indebted, and the total amount of either company's consolidated indebtedness to the other is less than 1% of the total consolidated assets of the indebted company;
 - iii. if the director is an employee, director or beneficial owner of less than 10% of any class of shares of another company in which Tenneco (directly or indirectly) owns a common equity interest, and the amount of Tenneco's ownership is less than 5% of the total outstanding voting power of the other company; and
 - iv. if the director serves as an employee, director or trustee of a charitable organization, and Tenneco's discretionary charitable contributions to the organization are less than 1% of that organization's total annual charitable receipts.
- b. For relationships not covered by the guidelines in subsection (a) above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who satisfy independence guidelines set forth in subsection (a) above. If the Board of Directors determines that a relationship was immaterial despite the fact that it did not meet the categorical standards of immateriality set forth in subsection (a) above, the company would explain in the next proxy statement the basis for that determination.

Each member of the Audit Committee must be (i) independent for purposes of Section 10A under the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder; and (ii) an independent director as determined under the applicable rules of the NYSE.

Each member of the CNG Committee must be (i) independent for purposes of Section 10C of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder; and (ii) an independent director as determined under the applicable rules of the NYSE; including, the additional independence requirements for members of compensation committees under NYSE Rule 303A.02(a)(ii). In accordance therewith, in determining

independence of directors for purposes of service on the CNG Committee, the Board of Directors shall consider all factors specifically relevant to determining whether a director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member including, but not limited to:

- Whether the director receives compensation from any person or entity that would impair his or her ability to make independent judgments about the company's executive compensation; and
- Whether any affiliate relationship a director has with the company, a subsidiary of the company or an affiliate of a subsidiary of the company places him or her under the direct or indirect control of the company or its senior management, or creates a direct relationship between the director and members of the company's senior management, in each case of a nature that would impair his or her ability to make independent judgments about the company's executive compensation.

4. Size of Board and Selection Process

The size of the Board of Directors is currently nine directors, established by the Board of Directors as provided in the company's charter documents and by-laws. Subject to any limitations set forth in the company's by-laws, the Board of Directors would be willing to have a larger number of directors to accommodate the availability of outstanding candidates. Similarly, the Board of Directors is willing to reduce the size of the Board of Directors, or to maintain a vacancy, if it cannot identify available candidates meeting the directors' qualification standards (subject, however, to the limitation in the company's charter documents that the Board of Directors must include a minimum of eight directors).

The directors are elected each year by the stockholders at the company's annual meeting. The Board of Directors, upon consideration of the recommendation of the CNG Committee, proposes a slate of nominees to the stockholders for election. Stockholders may propose nominees for consideration as director in the manner set forth in the company's by-laws.

5. Director Responsibilities

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the company in a manner consistent with their fiduciary duties. In considering the best long-term and short-term interests of the company, where appropriate the directors may consider the needs and concerns of stakeholders and interested parties other than stockholders, including employees, suppliers, customers and communities in which the company conducts business, and other pertinent factors.

Directors must disclose to other directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they may have a conflict.

Except in unusual circumstances or as required by committee charters or as requested by senior management, directors are expected to follow the principle that senior management, as opposed to individual directors, provides the public voice of the company. Directors receiving inquiries from institutional investors, the press or others should refer them to the Chief Executive Officer or other appropriate officer of the company.

Directors should regularly attend meetings of the Board of Directors and of all committees upon which they serve. Information and data that is important to the directors' understanding of the business to be discussed at meetings will be distributed in advance of meetings to the extent practicable, except when such material is too sensitive to be put in writing. To prepare for meetings, directors should review the materials that are sent to them in advance of those meetings.

The Board of Directors will schedule regular executive sessions where non-management directors (i.e., directors who are not company officers) shall meet without management participation. The non-management directors shall either select a non-management director to preside at any or all executive sessions (for a specified period of time) (a "presiding" or "lead" director) or shall establish a procedure by which the presiding director for each executive session shall be selected. In addition, if the company has any non-management directors who are not independent under the NYSE rules, the independent directors will meet at least once per year in executive session. The Board of Directors or the company will establish methods by which interested parties may communicate directly with the presiding or lead director or with the non-management directors of the Board of Directors as a group and cause such methods to be disclosed as required by applicable rules of the Securities and Exchange Commission (SEC) and the NYSE.

The Board of Directors will at all times maintain an Audit Committee, a Compensation Committee and a Nominating and Governance Committee (the Compensation and Nominating and Governance Committees may be combined into one committee), as well as a written charter for each. These committees must operate in accordance with applicable law, their respective charters as adopted and amended from time to time by the Board of Directors and the applicable rules of the SEC and the NYSE. The Board of Directors may also establish such other committees as it deems appropriate and delegate to those committees any authority to the extent permitted by applicable law, the company's by-laws and applicable NYSE rules.

The Board of Directors will hold regular meetings each year as often as it deems appropriate. The Chairman of the Board will approve an agenda in advance of each meeting. Except as expressly provided in the by-laws of the company or these Corporate Governance Principles, or as otherwise provided by law or the rules of the NYSE, the Board of Directors may fix its own rules of procedure.

6. Director Access To Management And Independent Advisors

The company will provide each director with complete access to the management of the company, subject to reasonable advance notice to the company and reasonable efforts to avoid disruption to the company's management, business and operations. The Board of Directors and its committees have the ability to retain, at the company's expense, special legal, accounting, compensation or other consultants or experts they deem necessary in the performance of their duties.

7. Director Compensation

The Board of Directors or an authorized committee thereof will determine and review at least annually the form and amount of director compensation and benefits, including cash, equity-based awards and other director compensation.

The following basic principles will be applied in determining the compensation and benefit of the company's directors:

- a. the company's directors should be fairly compensated for work required as a director and, as applicable, committee member for a public company of size and scope similar to the company; and
- b. compensation should be designed to align directors' interests with the long-term interests of stockholders.

In determining directors' compensation and benefits, the Board of Directors and its committees will recognize that questions may be raised when directors' fees, equity incentives and benefits exceed what is customary. Similarly, the Board of Directors and its committees will recognize that the independence of directors could be questioned if substantial charitable contributions are made to organizations in which a director is affiliated or if the company enters into consulting contracts with, or provides other indirect compensation to, a director. The Board of Directors or, if applicable, its designated committee will critically evaluate each of these matters when determining the form and amount of director compensation and benefits, and the independence of a director.

8. Director Orientation And Continuing Education

The General Counsel and Chief Financial Officer of the company will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors of the company for their benefit either prior to or within a reasonable period of time after their nomination or election as a director. In any event, each new director will, within six months of election, spend a day at the company's offices for personal briefing by senior management regarding the company's strategic plans, its financial statements and its key policies and practices. The Board of Directors, or the company, will encourage, but not require, directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

9. Management Evaluation And Succession

The Board of Directors (not including any members of management of the company) will conduct an annual review of the performance and compensation of the Chief Executive Officer, taking into account the views and recommendations of the CNG Committee.

The Chief Executive Officer will provide an annual report on succession planning and related development recommendations to the Board of Directors and CNG Committee, including a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties. In light of that report and other factors they determine are appropriate, the Board of Directors and CNG Committee will establish (and from time to time review) formal or informal policies and procedures regarding succession to the Chief Executive Officer or other executive officers in the event of emergency or retirement.

10. Annual Performance Evaluation Of The Board

The Board of Directors will conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. The Board of Directors, or its designee, will prepare or cause to be prepared a report regarding the conclusions of that evaluation. The full Board of Directors will discuss the evaluation report to determine what, if any, action could improve performance of the Board of Directors and its committees. The Board of Directors, with the assistance of the CNG Committee, as appropriate, will review these Corporate Governance Principles at least annually to determine whether any changes are appropriate.

11. Amendment, Modification And Waiver

These Corporate Governance Principles may be amended, modified or waived by the Board of Directors, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the NYSE.