



# **Corporate Governance Guidelines**

November 2013

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

The Chairman of the Board may, but is not required to, also hold the office of the Chief Executive Officer. The offices of CEO and Chairman of the Board are separately evaluated by the independent members of the Board of Directors each year.

## 2 **Board Committees**

The Board has the following Committees: Audit, Finance, Nominating and Governance, Compensation, and Corporate Responsibility.

The Board has flexibility to form new committees or disband a current committee.

The Nominating and Governance Committee, Compensation Committee, Audit Committee, Finance Committee and the Corporate Responsibility Committee shall each be composed exclusively of independent directors.

There are formal position descriptions for the Audit, Finance, Nominating and Governance, Compensation, and Corporate Responsibility Committees which define their respective functions and responsibilities.

## 3 **Lead Independent Director**

If the Chief Executive Officer is also the Chairman of the Board, the Board shall establish the position of Lead Independent Director. The Lead Independent Director shall be elected by a separate annual vote of the independent directors. The Lead Independent Director shall:

- Have the authority to call meetings of the Board;
- Have the authority to call meetings of the independent directors, and chair all meetings of independent directors;
- Serve as the primary liaison between the Chief Executive Officer and the independent directors, and coordinate the annual performance reviews of the CEO and Chairman;
- Approve meeting schedules, agendas and the information furnished to the Board to ensure the Board has adequate time and information for discussion; and
- Be available for consultation and direct communication with major shareholders as appropriate.

## 4 **Assignment and Rotation of Committee Members**

The Board appoints members of its committees on an annual basis. The Nominating and Governance Committee is responsible for reviewing and

recommending to the Board the members for the respective Board committees. Committee assignments are rotated periodically.

## **5 Committee Meetings**

The Corporation annually prepares a master agenda setting forth each Board and committee meeting during the annual cycle and the general items to be considered at each such meeting. The full Board of Directors annually approves the frequency of all committee meetings.

## **6 Committee Agendas**

While the master agenda sets forth each Board committee meeting during the annual cycle and the general items to be considered at each such meeting, the Chairperson of the respective committee reviews the specific agenda for each such committee meeting.

## **7 Selection of Agenda Items for Board Meetings**

The master agenda sets forth the general items to be considered by the Board of Directors at each of its regular meetings during the year. The Chairman of the Board or the Lead Independent Director may adjust the agenda to include special items not contemplated on the annual master agenda.

The Board of Directors annually reviews the Corporation's long-term strategic plans and principal issues. Periodically during the year the Board receives strategic updates from management of the Corporation.

Each Board member is free to suggest inclusion of items on the agenda and to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **8 Board Materials Distributed in Advance**

The Board of Directors is fully informed in advance of all major proposals and has an opportunity to make meaningful and deliberate contributions to the decision-making process. To further that policy, information and data that is deemed important to the Board's understanding of the business is distributed in writing to the Board prior to the Board meeting at which such matters will be considered. Management makes every attempt to see that this material is brief while still providing the desired information. On occasions where the subject matter is too sensitive to be put on paper, certain proposals will be discussed at the meeting.

## **9 Regular Attendance of Non-Directors at Board Meetings**

Such executive officers of the Corporation as the Board may request attend each meeting of the Board, excluding its executive sessions.

## **10 Executive Sessions of Non-Management Directors**

Each Board meeting begins with an executive session of all non-management directors and the CEO. The non-management directors have a scheduled opportunity to meet in executive session without the CEO present at the end of each regular meeting of the Board of Directors.

## **11 Board Access to Senior Management and Outside Advisors**

Board members have complete access to the Corporation's senior management as well as its outside counsel and auditors, and, as necessary or appropriate, its own independent advisors.

Each non-management director is expected to become familiar with the condition and operations of the Corporation through Board and Committee meetings and by personal observation and inquiry.

In addition, it is the responsibility of the Chairman of the Board to facilitate constructive interaction between the Board and management of the Corporation.

## **12 Board Compensation Review**

The Compensation Committee of the Board of Directors is responsible for reviewing and recommending to the independent members of the Board of Directors all compensation plans for the Board of Directors.

## **13 Size of the Board**

The Corporation's Articles provide for a Board of Directors with 5 to 21 members. The Board believes that a membership of about 11 directors is appropriate.

## **14 Mix of Inside and Outside Directors**

A preponderance of the Board should consist of outside directors who meet the independence standards of the New York Stock Exchange. Only top corporate management who have potential to be CEO should serve on the Board. No member of Corporation management will serve on an outside director's Board.

## 15 **Board Definition of What Constitutes Independence for Non-Management Directors**

Board members should have broad perspective, experience, knowledge and independence of judgment, and business backgrounds that can bring a different set of experiences and perspectives to the Board. In order to be independent a director must not have any material relationship with the Corporation or its management. Independence determinations are made annually by the Board, or more frequently if circumstances warrant.

The Audit, Nominating and Governance, and Compensation Committees are required to follow the securities laws and the New York Stock Exchange rules for independence of their respective members.

## 16 **Former Chief Executive Officer's Board Membership**

No former CEO of the Corporation should serve on the Board for an extended time. Whether a former CEO should serve on the Board for a limited time is a matter to be decided in each individual instance.

A former Chief Executive Officer serving on the Board will not be considered an independent director for purposes of these Corporate Governance Guidelines.

## 17 **Board Membership Criteria**

The Nominating and Governance Committee of the Board of Directors reviews and recommends the composition, organization and responsibilities of the Board and its committees.

Board members should have broad perspective, experience, knowledge and independence of judgment; the members should represent a predominance of business backgrounds who can bring a different set of experiences and perspectives to the Board. Regional balance is recognized as highly desirable, and a high degree of interest and involvement are prime requisites for membership.

## 18 **Selection of Director Candidates**

The ultimate responsibility for selection of candidates for director resides in the Board of Directors. The screening process for that responsibility is delegated to the Nominating and Governance Committee, which reviews candidates for election or reelection as directors and recommends candidates for approval by the Board.

## **19 Extending Invitations to New Director Candidates**

The Chairman of the Board and the senior personnel manager play important roles in contacting potential Board members under the direction of the Nominating and Governance Committee. Candidates for nomination to the Board of Directors may be invited to meet with individual directors in an informal setting. The formal appointment of a new director is subject to approval by the full Board.

## **20 Assessing the Board's Performance**

The Board annually reviews its performance and takes steps (including evaluating its composition, organization, responsibilities and compensation) to improve its performance and the performance of its committees.

## **21 Changes in Director's Principal Employment**

Any director (including management directors) whose affiliation or position of principal employment changes substantially after election to the Board will be expected to offer to tender his or her resignation as a director promptly to the Board. The Nominating and Governance Committee shall make a recommendation to the Board on whether to accept or reject the offer, taking into consideration the effect of such change in employment on the director's qualification as an independent director and on the interests of the Corporation.

## **22 Other Board Service; Maximum Number of Boards**

A director who intends to join another public company board shall notify the Chairman as soon as practicable.

A director who is not serving as a CEO of a public company will be expected to simultaneously serve on no more than 5 public company boards (including the Target Board), and a director who is serving as a CEO of a public company will be expected to serve on no more than 2 outside boards (including the Target Board). If a director exceeds this limit, he or she will be expected to offer to tender a resignation as a director promptly to the Board. The Nominating and Governance Committee shall make a recommendation to the Board on whether to accept or reject the offer, taking into consideration the time commitments related to the director's other boards, the expected time commitment to the Corporation, and any other factors deemed relevant.

## 23 Retirement from Director's Principal Employment

The Nominating and Governance Committee may recommend and the Board may approve nomination of a non-management director following the director's retirement for not more than five one-year terms if the director continues to be involved in activities, positions or relationships which are compatible with continued service on the Board, but only to a maximum of 20 years of service on the Board and not beyond the director's 72<sup>nd</sup> birthday.

## 24 Term Limits

No non-management director will serve for more than a total of 20 years in that capacity, except that when three or more such directors are due to retire within a 12 month period, the Board may request the director who is under 71 with the least service on the Board to serve up to an additional 12 months to smooth the rotation of Board members.

## 25 Retirement Age

All directors must retire upon reaching age 72.

## 26 Tender of Resignation if Not Elected by Shareholders

If a nominee for director who is an incumbent director is not elected at a meeting of shareholders and no successor to the incumbent director is elected at the meeting of shareholders, the incumbent director shall promptly offer to tender his or her resignation to the Board. The Nominating and Governance Committee shall make a recommendation to the Board on whether to accept or reject the offer, or whether other action should be taken. The Board shall act on whether to accept the director's offer, taking into account the Nominating and Governance Committee's recommendation, and publicly disclose (by press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision and the rationale behind it within 90 days after the date of the certification of the election results. The Nominating and Governance Committee, in making its recommendation, and the Board, in making its decision, may each consider any factors or other recommendations that it considers relevant and appropriate. The incumbent director who offers to tender his or her resignation shall not participate in the Board's decision with respect to that director. If such incumbent director's offer to tender his or her resignation is not accepted by the Board, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier death, resignation, retirement, disqualification or removal.

## **27 Formal Evaluation of the Chief Executive Officer**

The Compensation Committee of the Board of Directors annually reviews the performance of the CEO as it relates to all elements of compensation. The independent members of the Board annually review the recommendations of the Compensation Committee and approve the performance review of the Chief Executive Officer and the principal elements of the CEO's compensation.

## **28 Succession Planning**

The Board is responsible for assuring that the status of organizational strength and succession planning is consistent with the long-range goals of the Corporation.

The Chief Executive Officer is required to annually present to the Board an evaluation of the pace, direction and organizational strength of the Corporation and to see that the Corporation has an effective top management team, with provision for succession.

## **29 Communication with Stakeholders**

The CEO, the CFO, the senior investor relations manager and, with respect to Corporate Governance matters, the Corporate Secretary, are charged with responsibility for establishing effective communications with the Corporation's stakeholders. The Lead Independent Director, if appointed, shall be available for consultation and direct communication with major shareholders as appropriate.

## **30 Orientation and Continuing Education**

New directors participate in an orientation program that includes discussions with senior management, background materials on the Corporation's plans, organization and financial statements and visits to the Corporation's facilities.

## **31 Director Attendance at Annual Meeting of Shareholders**

All directors are expected to attend the Corporation's Annual Meeting of Shareholders except in the event of unavoidable or extenuating circumstances.