

Society for Corporate Governance
CORPORATE GOVERNANCE PRINCIPLES
Approved October 11, 2018

These principles outline the corporate governance structure and practices of the Society for Corporate Governance. For additional detail, please refer to the Bylaws, Committee Charters and the Chapter Officers Handbook. They are available on the Society's website.

I. MISSION STATEMENT

Shaping governance through education, collaboration and advocacy.

II. BOARD OF DIRECTORS

The Board of Directors ("Board"), under the leadership of the Chair, oversees and provides general direction to the President and Chief Executive Officer. The President and Chief Executive Officer is responsible for managing the property, business and affairs of the Society.

A. Board Size, Composition and Terms

1. Number of Directors, Criteria

A majority of the Board establishes the number of directors, and may increase or decrease the number, from time to time. Currently, there are 21 directors and two Ex Officio Directors: The Chair and either the Chair-Elect (for one year preceding his or her service as Chair) or the immediate past Chair (for one year following his or her service as Chair) will serve as Ex Officio Directors. Directors must be members of the Society in good standing and entitled to vote. The Bylaws designate the Ex Officio Directors and their rights.

2. Classes, Terms

The directors (other than Ex Officio Directors) are divided into four classes, as equal in number as possible. If the number of directors is not equally divisible by four, the Board determines in which class or classes the remaining directors will serve. Each director is eligible to serve one four-year term, except that a director who fills a vacancy on the board may be eligible for re-election to a full four-year term.

3. Vacancies

When a vacancy on the Board occurs due to death, resignation, an increase in the size of the board or any other reason, the Nominating and Governance Committee may recommend a nominee to fill that vacancy. That nominee is appointed by a majority vote of the Board or by members. A director elected to fill a vacancy holds office for the unexpired portion of the term of the director whom he or she is replacing and until his or her successor is elected and qualified.

4. Resignation, Removal

A director may resign by tendering his or her resignation to the Chair or to the Board. The resignation will take effect at the time specified in the resignation. If no time is specified, the resignation will take effect upon receipt. Acceptance of the resignation is unnecessary to make it effective. A director is required to tender his or her resignation from the Board due to a change in employment status, and the Board will decide whether to accept or reject such resignation.

The Board may vote to remove a director from the Board if he or she fails, without reasonable excuse or prior permission of the Chair, to attend, in person or by means of teleconferencing equipment, three or more successive meetings of the Board, subject to New York law.

B. Expectations of Board Members

1. Directors should attend all meetings of the Board, in person or by telephone.
2. Directors are encouraged to support the Society by speaking at conferences, assisting in the recruitment of members, attending Society programs and conferences and assisting in obtaining financial and other forms of support.
3. Directors should serve on at least one Board committee, as assigned, and are encouraged also to serve on a national committee.

C. Duties of the Board

1. The Board oversees and provides general direction to the President and Chief Executive Officer, who is responsible for the management of the property, business and affairs of the Society.
2. The Board determines for each class of Society member the amounts of (1) annual membership dues and (2) any assessments levied upon members under the Bylaws.
3. After consideration of the recommendation of the Nominating and Governance Committee: a) the Board nominates Directors, and b) appoints those officers and agents of the Society whose election by members is not required (including, but not limited to the positions of Chair, Chair-Elect, President and Chief Executive Officer, Senior Vice President, Vice President, Treasurer, Secretary, Assistant Secretary and Assistant Treasurer).
4. After considering the recommendation of the Executive Steering Committee, the Board approves the annual performance goals of the Society's President and Chief Executive Officer. The Executive Steering Committee assists the Board in overseeing the President and Chief Executive Officer's performance of approved goals and assessing his or her performance. The Executive Steering Committee establishes the compensation for the President and Chief Executive Officer and reports such compensation decision to the Board. The Executive Steering Committee's assessment of the President and Chief Executive Officer's

performance is shared with the Nominating and Governance Committee for its use in succession planning.

5. The Board establishes (or dissolves) local chapters of the Society and approves proposed changes to chapter size, service territory and functions.
6. After considering the recommendation of the Audit and Finance Committee, the Board may approve the appointment of independent auditors and the discharge of independent auditors, if required.
7. After consideration of the recommendation of the Executive Steering Committee, the Board approves policies, plans and programs for furthering the interests of the Society and oversees the President and Chief Executive Officer's implementation of them.
8. After consideration of the recommendation of the Policy Advisory Committee, the Board annually approves a plan for research, communication and advocacy of the Society's position on substantive issues that it decides will be the focus of the Society's efforts for the year (or multiple years).
9. After consideration of the recommendation of the Nominating and Governance Committee, the Board approves the creation (or dissolution) of board and national committees, approves the charters and annual goals of such committees, appoints the chairs of such committees, and, with respect to the Board committees, also appoints their members.
10. The Board designates the date of the annual meeting of the members of the Society, approves the notice of meeting, designates a proxy committee and appoints one or more inspectors to serve at the meeting.

D. Process for Nominating Directors, Chair and Chair-Elect; Orientation

The Nominating and Governance Committee identifies and reviews the experience and qualifications of potential candidates for Director, Chair and Chair-Elect, taking into consideration the suggestions of the members. The Nominating and Governance Committee maintains for this purpose a list of potential candidates, who have served as leaders of the Society, participated actively in its programs and activities at the chapter or national level or otherwise supported the Society in a significant way, and who have distinguished themselves in their profession. In reviewing each candidate and developing its recommendations, the Nominating and Governance Committee considers not only each individual's qualifications and experience but also the current and desired mix of experience, geographic and other types of diversity (chapter, industry, company size, race, gender, ethnicity and opinion) of each class of directors and of the Board as a whole. The Board strives to have each chapter represented on the Board, if possible, at least once every 10 years.

In developing its recommendations for the positions of Chair and Chair-Elect, the Committee additionally considers the following criteria, as approved by the Board:

- Current or recent experience as a corporate secretary, assistant secretary or senior governance

professional at a publicly traded company.

The Society welcomes all governance professionals to participate in its programs. However, the Society has historically focused on providing information and support for the corporate secretary, assistant secretary or senior governance professional at publicly traded companies. The Board believes its most senior leaders must have experience as a corporate secretary, assistant secretary or senior governance professional at a publicly traded company.

- Outstanding professional stature and accomplishments.

The Board believes that the length and success of a person's career and his or her contributions to the profession will enhance the Society's image if that person is elected Chair or Chair-Elect, and will enhance the individual's ability to interact with and influence both outside thought leaders and the Society's members.

- Service to the Society and its programs.

The Board considers a candidate's history of leadership in the Society, through participation in Society activities at both the chapter and national level, including but not limited to prior service on the Board and Board committees, service as a chapter officer or advisor, active participation in national committees or service as a Board or national committee chair. The Board also considers each candidate's demonstration of support for the programs of the Society by accepting invitations to speak at conferences, by assisting in the recruitment of members, by attending Society programs and conferences as his or her schedule permits and by assisting the Society in obtaining financial sponsorship and other forms of support.

- Leadership skills and experience.

The Board believes it is critical that candidates for Chair and Chair-Elect have the leadership capacity, skills and experience to manage a large and diverse board in a challenging business and economic environment: to inspire and motivate others, to lead by consensus but with urgency, and to drive for results. The Board will consider each candidate's leadership ability and experience, based on her or his history of employment, service to professional, charitable or other non-profit organizations and other relevant experience.

- Understanding of the role of the Board of Directors.

The Board believes that Society leaders should evidence sound judgment and the ability to discern between the strategic and oversight role of the Board and the day- to-day management responsibilities of the National Office Staff.

- Diversity.

The Board believes that it is important for the leadership of the Society (over time) to reflect the broad membership of the organization. The Committee will weigh, among other factors considered, the diversity of geography, industry, company size, and personal characteristics (race, gender, ethnicity and opinion) that each candidate for Chair and Chair-Elect would bring to the office, and in that regard

considers whether a candidate's industry, company size, geographic location or other form of diversity has been over-represented or under-represented.

After reviewing the experience and qualifications of all potential candidates under these criteria, the Nominating and Governance Committee submits nominees for the positions of Director, Chair and Chair-Elect to the full Board, along with information about the recommended nominees, and the rationale for the Nominating and Governance Committee's recommendations. The Board is not bound to accept the recommendations of the Nominating and Governance Committee, and may decide to submit different nominees for some or all of the positions for election at the annual meeting.

The Directors are elected by a plurality of the votes cast at the annual meeting.

The Chair and the Chair-Elect usually are appointed by the Board at its organization meeting preceding or immediately following the annual meeting. It is generally expected that the Chair is appointed for a two-year term and the Chair-Elect for a one-year term.

The Chair and the National Office Staff, under the direction of the President and Chief Executive Officer, coordinate the orientation of new directors as soon as possible after their election. The orientation includes, but is not limited to distribution of a manual containing information about the Board, its functions and directors' responsibilities. The immediate Past Chair and the President conduct the orientation of the Chair, and the Chair and the President conduct the orientation of the Chair-Elect.

E. Process for Appointment of Other Officers, Orientation; Removal

Upon the recommendation of the Nominating and Governance Committee, the Board approves the appointment of the Chair, Chair-Elect and President and Chief Executive Officer. Upon the recommendations of the Nominating and Governance Committee and the President and Chief Executive Officer, the Board approves the appointment of other officers. This usually takes place at the organization meeting preceding or immediately following the Society's annual meeting.

As part of its succession-planning responsibilities, the Nominating and Governance Committee maintains a job description for the position of President and Chief Executive Officer and an updated list of potential candidates, for use in the event of the death, removal or resignation of the President and Chief Executive Officer. In the event of the death, removal or resignation of the President and Chief Executive Officer, the Nominating and Governance Committee assists the Board by coordinating the initial review of potential candidates and the assessment of their qualifications. The Nominating and Governance Committee may also utilize the services of an outside consultant to identify and screen potential candidates.

A majority of the Board may remove any officer appointed by the Board, including Chair and Chair-Elect, at any time, either with or without cause. The Chair, Chair-Elect and President and Chief Executive Officer, acting jointly, may terminate as an employee any appointed officer who is also a salaried employee of the Society (unless the employee is the President and Chief Executive Officer, in which case the decision must

be approved by a majority of the full Board). The Board shall be informed of any such termination as soon as practicable.

F. Responsibilities of Officers

1. Chair

Subject to the direction of the Board of Directors, the Chair is responsible for overseeing the President and Chief Executive Officer's management of the Society's property, business and affairs and the execution of Board approved strategies, policies and initiatives.

The Chair is responsible for overseeing the strategic direction of the Board, and in that regard, coordinates the planning and execution of a strategic planning session of the Board, approximately once every three years.

The Chair establishes the agendas and presides over all meetings of the members, of the Board and the Executive Steering Committee. Along with other authority provided in the Bylaws, the Chair has the power to execute bonds, deeds and contracts in the name of the Society.

The Chair is an Ex Officio member of the Board. In addition to chairing the Board and the Executive Steering Committee, the Chair serves as a member of the Nominating and Governance Committee and the Policy Advisory Committee.

The Chair works closely with the President and Chief Executive Officer in the development of proposed annual goals for the Society consistent with the Board's strategic objectives, monitors the President and Chief Executive Officer's progress in implementing approved goals, and works with the Executive Steering Committee in assessing the President and Chief Executive Officer's performance and recommending compensation actions to the Board.

The Chair is also responsible for orienting new directors and keeping directors informed. He or she is responsible for participating in the training of the Chair-Elect and keeping him or her abreast of current developments in order to ensure a seamless transition and continuing progress towards achieving ongoing board initiatives.

2. Chair-Elect and Immediate Past Chair

The Chair is supported in the execution of his or her duties by the immediate past Chair for one year following his or her service as Chair, and then by the Chair-Elect for the following year. The immediate past Chair or Chair-Elect (as applicable) is authorized to act in the place of the Chair in his or her absence or disability. The immediate past Chair or the Chair-Elect (as applicable) is an Ex Officio member of the Board and serves as a member of the Executive Steering Committee and the Policy Advisory Committee. The Chair-Elect is responsible for becoming familiar with the strategic plans and initiatives of the Board, and the immediate past Chair or Chair-Elect, as applicable, is responsible to ensure a seamless transition between chairpersons'

terms and continuing progress on Society initiatives that require multiple years for completion.

3. President and Chief Executive Officer

Subject to the direction of the Board of Directors and the Chair, the President and Chief Executive Officer serves as the chief executive officer and manages the property, business and affairs of the Society. The President and Chief Executive Officer is responsible for the day-to-day management of the Society and for establishing and maintaining effective communications between the Board and the members of the Society. The President and Chief Executive Officer shall ensure that the National Office maintains effective communication with the Chapters. The President and Chief Executive Officer works closely with the Chair and the committees in developing for Board approval the Society's annual goals; he or she is responsible for coordinating the effective implementation of those goals by the National Office Staff, the committees and the chapters and for providing regular reports on implementation status to the Chair and the Executive Steering Committee. The President and Chief Executive Officer prepares the Society's annual budget, manages its finances and financial assets, and maintains its books and records in accordance with applicable standards. As requested, the President and Chief Executive Officer develops, recommends and manages implementation of policies, procedures, practices and programs, as approved by the Board. He or she also supports the Board of Directors, its committees, the officers and the national committees of the Society in carrying out their respective functions. In consultation with the Executive Steering Committee, the President and Chief Executive Officer selects, manages and determines the compensation of the other compensated officers and the remainder of the National Office Staff.

4. Treasurer

The Treasurer is responsible for the care and custody of the monies, funds and securities of the Society and deposits and invests them in accordance with the Investment Policy Statement. The Treasurer prepares a statement of the Society's financial condition as requested by the Board, the Chair or the Chairman of the Audit and Finance Committee.

5. Secretary

The Secretary attends all meetings of the Board and the members and prepares minutes of such meetings. He or she is custodian of the official books and records of the Society and ensures that the membership records are available for inspection as required by law. He or she also serves, at the request of the Chair and the Chair-Elect, as secretary of the Executive Steering Committee and the Nominating and Governance Committee.

G. Board Meetings and Operations

1. Number and Location of Meetings

The Board meets between four and six times each year. The Board meets as soon as practicable after the annual election of directors for the purpose of organization and the transaction of other business. The Chair may call additional meetings from time to time; at least one fifth of the total number of directors may also call a special meeting. The Board holds a strategic planning session approximately every three years.

Although the Board prefers in-person meetings and participation, the Board schedules some meetings as teleconferences and allows directors to participate by means of teleconference equipment to minimize the burden of director travel costs. The Board also schedules meetings to take place in conjunction with Society conferences in order to minimize director travel requirements. Accordingly, the Board usually holds one meeting in conjunction with the Essentials Conference in January or February, another in conjunction with the National Conference at the site of the conference; and a third and fourth meeting in the spring and fall of each year. Other meetings are scheduled as needed.

2. Board Calendar

The Board approves an annual calendar of its regular meetings, establishing as far ahead as possible the date, location and time of each meeting. The Board encourages committees to schedule their meetings in advance as well, so that the dates of such meetings can also be included on the annual calendar.

3. Notice, Agendas and Advance Distribution of Materials

The Secretary provides notice of all Board meetings in the manner prescribed by the Bylaws. The Board standard is to distribute preliminary agendas and pre-read materials for all significant matters on the agenda at least one week prior to each meeting. Directors may request that the Chair add items to the agenda for any meeting. All board-meeting agendas include time for an executive session, to allow discussion among the directors outside the presence of the President and Chief Executive Officer and/or the National Office Staff.

4. Attendance at Meetings

Directors are expected to attend all Board meetings, in person or by telephone. If a director cannot attend a meeting, he or she is expected to communicate that to the Chair. The President and Chief Executive Officer, the other officers and the chairs of board and national committees attend each Board meeting at the invitation of the Board, for the purpose of making reports and facilitating communications.

5. Minutes of Meetings

The Secretary prepares minutes of all meetings of the Board, the Executive Steering Committee and the Nominating and Governance Committee. The Secretary circulates draft minutes for review and approval at the next meeting of the Board or committee.

6. Information About Developments Between Meetings

The President and Chief Executive Officer communicates regularly with the Chair to keep him or her updated as to the status of goals, initiatives and developments between meetings. As needed, the President and Chief Executive Officer prepares communications to the Board to keep them abreast of the status of goals, initiatives and developments between Board meetings.

7. Spokesperson for the Society

To ensure continuity of message, the Board has authorized the President and Chief Executive Officer,

subject to the direction and oversight of the Policy Advisory Committee, to serve as spokesperson for the Society, with respect to the press and the media. It is expected that the President and Chief Executive Officer will discuss with the Policy Advisory Committee the nature and substance of expected communications, whenever possible. In consultation with the Chair and the Policy Advisory Committee, the President and Chief Executive Officer may authorize another Society officer to speak to the media on a particular topic. Chapters handle their own media relations; they are expected to keep the National Office Staff informed of anticipated media coverage.

H. Committees of the Board

The Bylaws establish several standing committees of the Board. The Board designates other standing and special committees, as it deems necessary and desirable. The chairs and members of the board committees are usually current directors, who have been appointed to such offices and committees by the Board, on the recommendation of the Nominating and Governance Committee. In addition, members who are not currently directors may be appointed to serve on Board committees. A member of the National Office Staff is designated to provide support for each board committee.

The current standing committees of the Board and their primary functions are:

1. Executive Steering Committee

The Executive Steering Committee, in consultation with the President and Chief Executive Officer, develops and recommends policies, procedures, practices and programs for furthering the interests of the Society. It also performs planning and advisory services on its own initiative and with respect to such issues as are assigned to it from time to time by the Board. The committee is authorized to act on behalf of the full Board between meetings, except that it may not amend the Bylaws or take any other action prohibited by statute. The Executive Steering Committee consults with the President and Chief Executive Officer in recommending approval of proposed annual Society goals and specific measures of performance for approval by the Board. The President and Chief Executive Officer provides the Executive Steering Committee with quarterly reports on the status of goal completion and year-end self-assessments of his or her performance compared to approved goals and measures. The Executive Steering Committee annually establishes compensation actions for the President and Chief Executive Officer.

The President and Chief Executive Officer consults with the Executive Steering Committee on the performance and compensation (salary, bonus and benefits) of the other paid members of the National Office Staff.

2. Policy Advisory Committee

The Policy Advisory Committee advises and assists the Board and committee chairs in identifying substantive governance issues that should be the focus of the Society's efforts during the year with respect to research, communications with members and advocacy with regulators and others in the governmental arena and determines the Society's position with regard to policy issues. The committee develops and recommends

Board approval of an annual plan addressing the topics for research, communications and advocacy. The committee oversees implementation of the plan and serves as an ongoing resource in meeting the objectives of the plan.

3. Audit and Finance Committee

The Audit and Finance Committee assists the Board in discharging its responsibilities related to financial reporting, budget, internal controls, capital structure, investments, compliance with legal and regulatory requirements and related matters. The Committee's charter contains additional detail regarding its duties. The Committee's role is one of oversight. The Society's management is responsible for preparing financial statements; the independent auditors are responsible for auditing those financial statements.

4. Nominating and Governance Committee

The Nominating and Governance Committee assists the Board in shaping corporate governance policies and practices by recommending Corporate Governance Principles, monitoring their effectiveness and proposing amendments, as necessary. The Committee reminds and encourages the Board, Board Committees and National Committees to complete biennial performance assessments. The Committee also identifies, reviews the qualifications of, and makes recommendations to the Board regarding potential candidates for elected and appointed positions, including Chair, Chair-Elect, Director, President and Chief Executive Officer, chairs of the Board committees and national committees and other officers. The Committee also assists the Board in coordinating succession planning for the position of President and Chief Executive Officer.

5. Educational Programs Committee

The Educational Programs Committee assists the Board in overseeing and providing direction to the President and Chief Executive Officer in the development and coordination of the educational activities of the Society, ensuring that seminars, conferences, teleconferences and chapter programs cover relevant and timely topics, and provide participants with accurate and comprehensive information and materials that enhance their professional development. In addition to directors with expertise and interest in the developing and coordinating educational programs, the committee may include members from each of the chapters, who serve as advisors to the committee and coordinate the educational programs offered by the chapters.

6. Membership Committee

The Membership Committee assists the Board in overseeing and providing direction to the President and Chief Executive Officer in the development and implementation of the Society's member recruitment and retention strategies, initiatives and plans. The committee reviews proposed recruitment and retention strategies, initiatives and plans, recommends Board approval of them, and oversees their implementation. In addition to directors with experience and commitment to membership development and retention, the committee may include members from each of the chapters, who serve as advisors to the committee and coordinate recruitment and retention activities at the chapter level.

III. NATIONAL COMMITTEES

National committees enable members to participate in the work of the Society, to focus on particular aspects of the Society's programs and to network with other members.

National committees are formed upon Board approval, based upon the significance of the issues or topics to be addressed, the degree of interest in the issues or topics and their relationship to the Society's strategic goals. Membership on the national committees is generally open to any member who requests to participate through the annual membership survey, although some committees limit the number of their members and the Society urges members to limit themselves to serving on one committee at a time.

The current national committees and their functions are as follows:

1. Corporate Practices Committee

The Corporate Practices Committee is the definitive Society resource for expertise on board practices, corporate governance and the corporate secretarial function. The committee benchmarks, analyzes data and produces publications on corporate governance and board practices, including corporate governance issues, meeting logistics, minutes and record retention, state corporate law relating to board duties, functions and liability, D&O insurance and indemnification, director compensation and compensation and staffing of the corporate secretarial function.

2. National Conference Committee

The National Conference Committee works with the President and Chief Executive Officer, the National Office Staff and the Educational Programs Committee to plan and coordinate development of the business program, and the selection of faculty speakers and social activities for the Society's annual national conference.

3. Private Companies Committee

The Private Companies Committee focuses on the different needs and concerns of private companies with regard to significant topics and issues of corporate governance, due to their unique circumstances.

4. Securities Law Committee

The Securities Law Committee is the definitive Society resource for expertise on federal and state securities laws and disclosure. The committee seeks to influence the development of federal and state securities laws and regulations by analyzing proposed securities legislation or SEC rule changes and interpretations, by drafting and submitting comment letters on issues of significance to public companies, and by meeting at least annually with the SEC staff to discuss the Society's views on regulatory matters and operational issues. The committee also prepares benchmarking data and reports on disclosure practices.

5. Small and Mid-Cap Companies Committee

The Small and Mid-Cap Companies Committee focuses on the different needs and concerns of small-cap and mid-cap companies with regard to significant topics and issues of corporate governance, whether due to their unique circumstances or more limited resources.

IV. LOCAL CHAPTERS

Membership in the Society is both national and local. Each of the Society's members is associated with one of the Society's local chapters in the United States. Each chapter has its own officers, local meetings, programs and conferences. The chapters provide members with an opportunity to gather in smaller groups in their geographic region on a regular basis to discuss matters of common interest, as well as a regular means of networking and participating in Society affairs.

Chapters are self-sustaining and operate independently from, but with the support of, the National Office. Chapters: 1) develop and approve their own bylaws (as long as they do not conflict with the Society Bylaws), 2) conduct their own annual meetings; 3) elect their own officers and advisory committees, 4) approve their own budgets, and 5) determine their own programming and events. The chapters are required to maintain any bank account with the bank that the National Office uses, so long as there is a branch in their geographic area. The chapters also provide members the opportunity for leadership development experience, as chapter leaders are often selected to serve on the Society board and in other positions of leadership at the national level.

The National Office provides services to the chapters. These services include assistance in the areas of membership recruitment and retention, program development and registration, the identification of qualified program speakers, program logistics, leadership training and communications.

For more information on chapter functions and governance, please refer to the Chapter Officers Handbook, which is available on the Society's website.