



**GOVERNANCE GUIDELINES OF
THE NATIONAL ASSOCIATION OF
CORPORATE DIRECTORS**

TABLE OF CONTENTS

| | Title | Page |
|-----------|--|-----------|
| 1. | History | 3 |
| 2. | Foreword | 4 |
| 3. | Mission Statement | 5 |
| 4. | Board Membership | 5 |
| | <ul style="list-style-type: none">• Board Size• Mix of Directors• Definition of Independent Director• Chair of the Board• Selection of the Chair of the Board• Selection of the Vice Chair of the Board• Selection of Directors• Criteria for Board Membership• Term Limits• Resignation Policy• Board Compensation Policy• Orientation of Directors• Continuing Education• Assessing the Board's Performance | |
| 5. | Board Meetings and Procedures | 8 |
| | <ul style="list-style-type: none">• Board Meetings• Selection of Agenda Items• Board Material Distribution• Attendance of Non-Directors• Executive Sessions• Board Access to NACD Employees• Confidentiality Policy and One Voice | |
| 6. | Duties and Responsibilities | 9 |
| | <ul style="list-style-type: none">• Oversight | |
| 7. | Board Committees | 10 |
| | <ul style="list-style-type: none">• Standing Committees• Assignment and Rotation of Committee Members• Committee Agendas• Frequency of Committee Meetings• Committee Charters• Committee Material Distributed in Advance• Executive Sessions | |
| 8. | The CEO and Other Senior Management | 11 |
| | <ul style="list-style-type: none">• Acting as a Resource for Management• Performance Evaluation of the CEO• Compensation of the CEO and Other Senior Managers• Succession Planning and Management Development• Service on Outside Boards• Former CEO's Board Membership | |
| 9. | Legal and Ethical Conduct | 12 |
| | <ul style="list-style-type: none">• Conflicts of Interest• Code of Ethics• Whistleblower Protection Policy• Record Retention and Document Destruction Policy | |

**GOVERNANCE GUIDELINES OF
THE NATIONAL ASSOCIATION OF CORPORATE DIRECTORS**

Presented by the Nominating and Governance Committee of the National Association of Corporate Directors (NACD) Board of Directors

In October 1998, the NACD Board of Directors first adopted governance guidelines to assist Directors in discharging their responsibilities and ensuring their commitment to the highest standards of corporate conduct and compliance. These guidelines are reviewed annually by the Nominating and Governance Committee, which recommends revisions for Board approval. The guidelines set forth the policies and procedures that the Board will implement in discharging its responsibilities, and cover a full range of areas, including these: mission, legal and ethical conduct, oversight of NACD activities (including NACD strategy), Board processes and performance, assessment of Board performance, selection and orientation of Directors, and oversight of the CEO and other senior managers.

FOREWORD

Expectations of corporate directors have increased significantly in recent years and will continue to evolve as state and federal legislatures and regulators focus more attention on the governance of the nonprofit sector. This enhanced focus has brought increased scrutiny of individual director qualifications, executive compensation, leadership structures, and the board's ability to assess risk. Accordingly, NACD recommends that organizations of every type revise their governance documents to reflect evolving best practices.

NACD has had an engaged Board for many years, and in 1998, it adopted its initial board-governance guidelines. We publish these guidelines so that NACD's members will be better informed about the activities of the Board of Directors. Also, these guidelines may be useful as a starting point for other organizations, particularly nonprofits. We emphasize *starting* point, because an important benefit of board guidelines comes from the discussions involved in developing them. We also recognize that governance activities in the nonprofit world vary greatly, and that it would be a mistake to take a "one-size-fits-all" approach to governance.

As a leader in providing advice on corporate governance to directors, boards, and management, NACD's goal is to serve as a model of good corporate governance. These governance guidelines are intended to provide the framework for achieving that goal. The guidelines are posted on NACD's website at www.nacdonline.org.

GOVERNANCE GUIDELINES OF THE NATIONAL ASSOCIATION OF CORPORATE DIRECTORS

The Board of Directors of NACD has adopted these governance guidelines to provide Directors with an overview of the structure of the Board and how it functions with respect to its most important responsibilities. The guidelines also provide information on the policies and procedures adopted by the Board to serve the interests of its members and the public, consistent with its fiduciary obligations. These guidelines are intended to serve as a flexible framework within which a board may conduct its business. They should be interpreted in the context of all applicable laws, articles of incorporation, bylaws, committee charters, and other governing legal documents. (Unless otherwise noted, all references in the guidelines to “Directors” or the “Board” indicate all members of the Board of Directors of NACD, including any Director who is also an employee of NACD.)

Mission Statement

We, NACD, empower directors and transform boards to be future ready. For over 40 years, we have helped boards elevate their performance and create long-term value. Our thought leadership continues to raise standards of excellence and advance board effectiveness at thousands of member organizations. Through our insights, education, and credentialing – supported by our peer network of over 21,000 members – boards are able to make high-quality decisions on the most pressing and strategic issues facing their business today.

We provide the information and insights that board members rely upon to confidently navigate business challenges and enhance long-term shareowner value. Importantly, directors and boards turn to us to gain the knowledge and wisdom to become a strategic asset to their companies, and we amplify the collective voice of directors in the national dialogue on board-governance issues. We are the *Voice of the Director*. We are focused on meeting the needs of board members and supporting directors and boards to perform more effectively and efficiently.

Board Membership

Board Size. The bylaws authorize between five and seventeen Directors. The Board, by majority vote, may increase or decrease this number. The Nominating and Governance Committee is charged with reviewing the size of the Board annually when it considers candidates and nominees for the Board.

Mix of Directors. It is Board policy that all members, other than the Chief Executive Officer (CEO), shall be outside independent directors. The CEO shall be the only management member of the Board, though additional members of NACD management may be officers of the Board (e.g., the Secretary).

Definition of Independent Director. A Director is viewed as independent only if the Director is a non-management Director free of any material business, or professional relationship with NACD or its management, and free of any close family relationship with NACD management. Board members are not compensated for Board service. Board members may not serve as faculty at NACD-sponsored educational programs or advisory engagements and receive compensation for that service, although those who have active and recurring engagements may continue with those engagements after the date this prohibition was promulgated. To receive compensation for teaching in an NACD program for such grandfathered engagements, a Director is required to have express approval from the Nominating and Governance Committee, following a determination by the Committee that the arrangement provides the best value for NACD. (Each year, the CEO will provide the Board with a list of payments, if any, to NACD Directors for services during the preceding year.)

Chair of the Board. The CEO may not serve as Chair. The positions of Chair of the Board and CEO are separate. Should the Chair be absent or unable to serve, the Vice-Chair shall perform the duties of the Chair. If no Vice-Chair has been elected, from time to time the Board may determine an emergency succession plan to appoint a designee (or an order of designees) from among the chairs of the Audit Committee, the Human Resources and Compensation Committee, or the Nominating and Governance Committee.

Selection of the Chair of the Board. The Chair of the Board shall be an independent Director who is elected by the full Board. The Chair is limited to one three-year term unless the Board votes to extend the term by one year due to special circumstances.

Selection of the Vice Chair of the Board. The Board will elect a Vice Chair as a successor to the Chair at the end of the Chair's second year of service to allow for a smooth and seamless transition of leadership.

Selection of Directors. The Board elects Directors who have been recommended by the Nominating and Governance Committee. Board members, employees, or other interested parties may recommend candidates to the Nominating and Governance Committee. The Committee reviews and evaluates candidates in accordance with the procedures established by the Committee and applies the criteria for membership adopted by the Board.

Criteria for Board Membership. It is the policy of the Board that Directors shall be members of NACD and must have a reputation for integrity, leadership, and the ability to exercise sound judgment. All Directors should be individuals who demonstrate a commitment to the mission of NACD. Except for the CEO, all Directors should be independent, as defined above. Furthermore, all directors, including the CEO, should be willing and able to adhere to NACD's Conflicts of Interest Policy.

In reviewing the needs of the Board, the Nominating and Governance Committee will use NACD's current and future needs as the starting point for determining Board composition. The Committee will then take into account that the Board as a whole should have competency in the following areas: (i) corporate governance, (ii) accounting and finance, (iii) leadership, (iv) management, and (v) skills related to the strategic direction and future state of NACD. The Board seeks members with characteristics such as

collegiality, a positive communication style, solid business judgment, a continuous-improvement orientation, and an independent mindset. The Board also seeks individuals who have diverse backgrounds, are recognized leaders in their respective fields, and have the potential to make a significant contribution to NACD's mission. A candidate must be willing to make the commitment of time and efforts required of an NACD Director and must have an understanding that Directors serve on a voluntary basis.

On an annual basis the Nominating and Governance Committee, together with the Board (including the CEO), is responsible for reviewing the appropriate skills and characteristics required of new Board members in the context of the current makeup of the Board and the current and future needs of NACD based on NACD's strategic plan.

Term Limits. Directors shall be elected to serve for a term of three years and may serve for a maximum of three successive terms unless they are elected to serve as Chair or Vice Chair prior to the expiration of their third successive term. Extensions of term limits are not permitted unless they are consistent with the bylaws of NACD. The term limitation does not apply to the CEO, who may serve on the Board until resignation, removal, or retirement. At its discretion, a majority of the Board may elect or reelect a Director to a term of less than three years.

Resignation Policy. Any nonemployee Director who changes his or her principal occupation or employment, or retires, is required to offer his or her resignation to the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee, in consultation with the CEO and the Chair of the Board, shall recommend to the full Board whether to accept or decline the offered resignation. If a Director accepts an offer of an additional board seat, the Director will notify the Chair of the Board and the Chair of the Nominating and Governance Committee for consideration of any conflicts and the Director's continued capacity to serve. NACD does not have a mandatory retirement age for Directors.

Board Compensation Policy. Directors of NACD are volunteers, and they receive no compensation for serving as a Director. They are reimbursed for reasonable expenses incurred in performing their duties. Directors pay no fees for attending NACD meetings and are not required to pay NACD dues. Directors can attend any meeting or program of NACD with expenses paid by NACD.

Orientation of Directors. The Nominating and Governance Committee oversees the orientation of all new Directors. Generally, the CEO arranges for each new Director to meet individually with senior management and to attend at least two NACD educational programs. New Directors receive access to a board portal that contains all of the governing documents, committee charters, written policies and procedures, and these guidelines. Orientation is expected to be completed within six months from the time a Director joins the Board. A second orientation will be provided to any sitting Director upon request, and will be tailored to the participating Director's needs, including such Director's committee assignments.

Continuing Education. The Board recognizes that the laws and practices regarding corporate governance continue to evolve, and that to remain an active, informed, and independent Director capable of contributing to NACD's mission, each Director must

participate in continuing education. The Board expects all Directors to attend and participate in at least one NACD educational program each year throughout their tenure as Directors.

Assessing the Board's Performance. The Nominating and Governance Committee is responsible for ensuring that a process exists for the Board to assess its own performance on a regular basis, using an external facilitator at intervals. The Board discusses the results both with the CEO in attendance and in executive sessions with independent Directors only. The assessment examines the Board's contributions and reviews areas in which the Board and the CEO believe more effective contributions should be made. The Nominating and Governance Committee is also responsible for ensuring that a process exists whereby the Board evaluates current members whose terms are expiring and who are seeking re-nomination.

Board Meetings and Procedures

Board Meetings. The Board has four regularly scheduled meetings annually. Special meetings of the Board may be requested by the Chair, the CEO, or any two Directors. Directors should strive to attend all Board meetings in person; however, the Board recognizes that logistics and other concerns may require that a Director attend remotely (i.e., by telephone or virtually) from time to time. Directors should attend no more than two meetings per year remotely (except in cases where more than two meetings are held virtually for all Directors), and are expected in all cases to have reviewed all Board materials distributed to them prior to any meeting.

Selection of Agenda Items. The Chair of the Board and the CEO jointly establish the agenda for each Board meeting. Each Director is encouraged to add to the agenda any matter that the Director reasonably believes should be included.

On an annual basis, the Chair of the Board and the CEO jointly prepare a list of topics to be on the Board's agendas throughout the year, indicating the meetings at which they will be addressed. The Chair and the CEO also ensure that in addition to financial reports, the agendas will include critical, nonfinancial measures related to NACD's mission, such as membership levels, level of activity in educational programs, content of programs, publication activity, assessment of other organizations in the governance space, member and client satisfaction, relationships with suppliers (including faculty and authors), and employee training, morale, and productivity.

At the first Board meeting of each year, the Chair of the Board presents meeting dates for the next two years. At this time, the Chair solicits topics to be placed on the agenda in the coming year. The Chair of the Board meets with the CEO as needed during the course of the year to discuss the Board agendas, and special topics are added as required.

Board Material Distribution. At least seven days prior to each Board meeting, the CEO posts to the board portal a letter outlining the meeting schedules and key matters to be discussed at the meeting, along with a proposed agenda for the meeting and advance copies (to the fullest extent possible) of any material to be discussed. In addition, the

CEO regularly shares with Board members items of topical interest relating to NACD, its operating environment, and the markets that it serves.

Attendance of Non-Directors. NACD's senior management makes presentations to the Board on a regular basis. From time to time, other NACD staff may attend Board sessions and make presentations. At its discretion, the Board may invite independent advisors to attend Board meetings.

Executive Sessions. The independent Directors will meet in executive session during each of the Board's regularly scheduled meetings without any management Director or any members of management present, to (i) evaluate the performance of the CEO and establish compensation, (ii) elect officers, (iii) review management succession planning, (iv) confirm Board committee assignments recommended by the Nominating and Governance Committee, and (v) consider such other matters as they deem appropriate. The CEO may be invited to attend a portion of the executive session. Any independent Director who believes an executive session of independent Directors is desirable on any subject can indicate that to the Chair of the Board, and such a session will be held. After each executive session of independent Directors, the Chair of the Board advises the CEO of relevant items, as appropriate.

Board Access to NACD Employees. Board members have complete and open access to NACD senior management and staff at all times. Board members are expected to use their judgment to be sure that such contacts are not distracting to NACD's operations. Matters of substance are reported to the CEO. If a Director communicates in writing to senior management other than the CEO, or to staff members about a matter of substance, a copy of the communication should be provided to the CEO.

Confidentiality Policy and One Voice. In keeping with a director's fiduciary duties, maintaining confidentiality of NACD information and boardroom deliberations is an obligation of each Director. Board members should endeavor to speak with one voice on matters that have been decided through Board discussion.

Duties and Responsibilities

Oversight. The Board of Directors oversees the management of NACD. The Board delegates responsibility for day-to-day management to its CEO and other senior management. Directors provide the CEO and senior management with guidance and strategic oversight to advance NACD's mission. The Board's duties and responsibilities are set out in the Board's bylaws, committee charters, and governance guidelines, and include being responsible for the size and composition of the Board; selection, compensation, and evaluation of the CEO; planning management succession; reviewing and approving strategic and business plans, including financial objectives and budgets; election of Board members; evaluation of the Board; oversight of the scope and quality of services provided to members and the public; oversight of the financial reporting processes and accounting practices; assessment of the adequacy and effectiveness of systems of internal controls regarding finance, accounting, and legal and regulatory

compliance; assessment and management of major risks; development of policies, procedures and programs to ensure that the activities of NACD Directors and employees are in compliance with legal and ethical conduct standards; and review of governance policies and practices.

Board Committees

Standing Committees. The Board has four standing committees: Audit and Finance, Human Resources and Compensation, Nominating and Governance, and Chapters. The Board may create, discharge, or revise the composition or mission of any committee at any time.

Assignment and Rotation of Committee Members. The Nominating and Governance Committee, in consultation with the Chair of the Board and the CEO, and with consideration of the desires of individual Board members, recommends committee assignments, including chairships, to the full Board for approval. The Audit and Finance Committee, the Human Resources and Compensation Committee, and the Nominating and Governance Committee consist only of independent Directors. The CEO is an *ex officio* and nonvoting member of all committees; the Chair of the Board is an *ex officio* member of every committee. It is Board policy to rotate chairships periodically. Other committee members are rotated periodically, as the Board deems appropriate, although membership on a committee is normally limited to five years for one assignment. A Board member is expected to serve on at least two committees and will not serve on more than three. Exceptions to these guidelines are made as the Board deems suitable.

Committee Agendas. The Chair of each committee, in consultation with committee members and the Chair of the Board, along with the NACD staff committee liaison and the CEO, prepares an annual schedule of all regularly recurring items to be considered by each committee. This forward-looking committee agenda is shared with the Board as part of the Board's review of its agendas during the year. The committee chair, in consultation with other committee members, may place topics on the committee agendas throughout the year, in consultation with the Chair of the Board, the CEO, and senior management. The NACD staff committee liaison supports each committee chair to ensure the smooth operation of his or her committee.

Frequency of Committee Meetings. Additional meetings may be held at the request of two members of the committee, the Chair of the Board, or the CEO. Each committee Chair schedules the committee-meeting calendar for the upcoming calendar year. Regular meetings generally are scheduled on the day prior to Board meetings. Following a committee meeting, each committee reports to the Board at the next meeting of the Board.

Committee Charters. Each committee has a written charter, which the committee reviews annually and updates as appropriate. Revised charters are subsequently reviewed by the Nominating and Governance Committee and recommended to the Board for approval. Charters set out the duties and responsibilities assigned to the committees to assist the Board in fulfilling its fiduciary obligations.

Committee Material Distributed in Advance. Seven days prior to each committee meeting, at the committee Chair's direction, the committee's NACD staff liaison posts to the portal a proposed agenda to each committee member along with advance copies (to the fullest extent possible) of any written material to be discussed.

Executive Sessions. The independent Directors of each committee may meet in executive session during each regularly scheduled meeting.

The CEO and Other Senior Management

Acting as a Resource for Management. The Board supports the work of the CEO and other senior management through advice, mentoring, and introductions. Board members, however, do not manage the day-to-day operations of NACD, which is the responsibility of the CEO and other senior management.

Performance Evaluation of the CEO. The Human Resources and Compensation Committee annually reviews the CEO's performance in light of goals and objectives previously approved by the Board. It then makes a recommendation to the Board with respect to compensation. The Committee's recommendation will be consistent with NACD's compensation philosophy and contractual obligations to the CEO. The evaluation is based on objective criteria intended to reflect the CEO's contributions to the overall performance of NACD in meeting its mission. The criteria are agreed to in advance with the CEO, and include, among other factors, the financial performance of NACD, the qualitative performance of the CEO, vision and leadership, accomplishment of long-term strategic objectives, and development of management and faculty—all of which have a specified basis of measurement. The performance evaluation is discussed with the CEO and is used to identify strengths and areas in need of improvement.

Compensation of the CEO and Other Senior Managers. The Human Resources and Compensation Committee makes compensation recommendations to the Board, including incentive compensation for the CEO and other senior managers. The Board reviews these evaluations and recommendations and makes the final decisions on compensation. In making these decisions, the Board considers any employment contracts.

Succession Planning and Management Development. The CEO makes an annual report to the Board on succession planning and management development. This report includes specific recommendations on succession planning and related issues for senior managers, as well as recommendations concerning interim succession for the CEO in the event of an emergency. The Human Resources and Compensation Committee, in consultation with the CEO and the Nominating and Governance Committee, is responsible for developing a succession plan and submitting it to the full Board for approval.

Service on Outside Boards. The CEO and other executives must obtain the approval of the NACD Board prior to accepting an invitation to serve on the board of a public company or on the board of any private company that would represent a material commitment of time. The CEO and other executive officers of NACD are not permitted

to serve on the board of any company in which an independent Director of NACD serves as an officer or director.

Former CEO's Board Membership. It is NACD's policy that when the CEO ceases active management of NACD, the CEO must also resign from the Board (as well as from any board legal affiliated with NACD) at that time.

Legal and Ethical Conduct

The Board is responsible for establishing policies and programs to ensure that NACD activities are conducted in a legal and ethical manner. Among its other duties, the Audit and Finance Committee assists the Board in fulfilling its oversight responsibility relating to finance, accounting, and legal and regulatory compliance. The Nominating and Governance Committee recommends for Board approval a Conflict of Interest policy and a Code of Ethics. The Audit and Finance Committee recommends a Whistleblower Protection Policy, and a Record Retention and Document Destruction Policy for Board approval. The Audit and Finance Committee and the Nominating and Governance Committee have shared responsibility with regard to reviewing and monitoring compliance with laws, regulations, and NACD policies.

Conflicts of Interest. All Directors must comply with the provisions of NACD's Conflict of Interest Policy and its Code of Ethics. It is the responsibility of each Director to advise the Chair of the Board and the Nominating and Governance Committee of any affiliation, relationship, or transaction that may create a conflict of interest with NACD. A Director's relationships, including business or family relationships or relationships with other nonprofit organizations, may occasionally give rise to that Director's material personal interest on a particular issue involving NACD. The Board, after consultation with outside counsel, if necessary, will review the matter on a case-by-case basis and determine whether such a conflict of interest exists. The Board may delegate the initial investigation of a potential conflict to the Nominating and Governance Committee. The Board takes appropriate steps to identify such potential conflicts and to ensure that all Directors voting on an issue are disinterested with respect to that issue.

Code of Ethics. The Board is responsible for overseeing corporate ethics. Each Director and all employees are expected to adhere to the highest ethical standards. All Directors are expected to comply with the NACD Code of Ethics.

Whistleblower Protection Policy. It is the policy of the Board that all Directors, officers, and employees are responsible for complying with NACD's Whistleblower Protection Policy and expected to report violations and suspected violations in accordance with the policy. NACD expects all Directors and employees to be honest and to adhere to the NACD Code of Ethics, and it does not condone any activity that is illegal or improper, whether engaged in by a Director or an employee. Any Director, officer, employee, or independent contractor who in good faith reports any activity believed to be illegal or improper to the Chair of the Board, CEO, Chair of the Audit and Finance Committee, or Chair of the Nominating and Governance Committee, will be protected against retaliatory actions. Directors should familiarize themselves with the Whistleblower Protection Policy and procedures. Complaints may be submitted on a confidential or anonymous basis, and reports of violations or suspected violations will be

kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Record Retention and Document Destruction Policy. It is the policy of NACD to retain records, including paper records, electronic files, and voicemails, for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. It is also the policy of NACD to not knowingly destroy a document if the destruction would result in a violation of 18 U.S.C. §1519 and the Sarbanes-Oxley Act. A formal, written Record Retention and Document Destruction Policy will be distributed to all Directors and employees.

Last amended 9.21.21