



# **Corporate Governance Guidelines**

September 2017

## 1 **Selection of Chair and CEO**

The Chair of the Board may, but is not required to, also hold the office of the Chief Executive Officer. The offices of CEO and Chair of the Board are separately evaluated by the independent members of the Board of Directors each year, and the Chair shall be elected by a separate annual vote of the independent directors.

## 2 **Board Committees**

The Board has the following Committees: Audit and Finance, Nominating and Governance, Human Resources and Compensation, Risk and Compliance, and Infrastructure and Investment.

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

The Audit and Finance, Nominating and Governance, and Human Resources and Compensation Committees shall each be composed exclusively of directors who satisfy the independence requirements of the New York Stock Exchange.

There are formal charters for each Committee which define their respective functions and responsibilities.

## 3 **Lead Independent Director**

If the Chief Executive Officer is also the Chair 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, and as a guideline, the Lead Independent Director should serve in that capacity for no more than four to six years. 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 Chair;
- 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, provided that the Lead Independent Director, if designated, shall be a member of the Nominating and Governance Committee by virtue of his/her position. 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. The guideline for rotating committee Chair assignments is four to six years, and six to 12 months before the date of anticipated retirement from the Board. In making rotation recommendations, the Nominating and Governance Committee considers the value of committee continuity as well as the benefits of refreshing committee membership.

#### **5 Committee Meetings**

The Corporation annually prepares a master schedule setting forth each Board and committee meeting during the annual cycle. Each committee Chair has discretion to call additional meetings of his or her committee at any time.

#### **6 Committee Agendas**

The Chair of each committee reviews the specific agenda for each committee meeting.

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

The Chair of the Board shall establish the agenda for each Board meeting, subject to final approval by the Lead Independent Director (if designated).

The Board of Directors annually reviews the Corporation's long-term strategic plans. 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, at any Board meeting, to raise 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 without advance distribution of written materials.

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

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

#### **10 Executive Sessions of Independent Directors**

The independent directors have regularly scheduled executive sessions consisting solely of independent directors at each regular meeting of the Board of Directors. The independent directors will meet in executive session at other times at the request of any independent director.

#### **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. The CEO, in consultation with the Lead Independent Director or independent Chair of the Board (if so designated), shall establish minimum expectations for non-management directors to personally observe the Corporation's retail operations.

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

#### **12 Board Compensation Review**

The Human Resources and Compensation Committee of the Board of Directors is responsible for reviewing and approving 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 the size of the Board should be in the range of 10-15 directors.

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

A majority 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 the board of an outside director's employer.

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

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 and Finance, Nominating and Governance, and Human Resources 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 CEO 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. Diversity is recognized as highly desirable, and a high degree of interest and involvement are prime requisites for membership.

## 18 **Selection of Director Candidates**

Except where the Corporation is legally required by contract, bylaw or otherwise to provide third parties with the ability to nominate directors, 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 Chair of the Board and the senior personnel manager or Corporate Secretary 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 and responsibilities) 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 pre-clear service as a director of another public company with the Chair.

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 public

company boards (including the Target Board). If the addition of another public company directorship would cause a director to exceed 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 Term Limits**

No non-management director will serve for more than a total of 20 years in that capacity unless otherwise determined by the Board. If a non-management director reaches his or her 20 year anniversary during a term, the director shall be permitted to serve the remainder of that term.

### **24 Retirement Age**

Any director who reaches the age of 72 while serving as a director must retire from the Board effective at the end of his or her then current term.

### **25 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.

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

The Human Resources and Compensation Committee, in consultation with the Lead Independent Director or independent Chair of the Board (if so designated), annually reviews the performance of the CEO and approves all elements of the CEO's compensation. The independent members of the Board receive regular reports of the Human Resources and Compensation Committee's activities, including with respect to the performance review and compensation of the CEO.

## 27 **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 Human Resources and Compensation Committee shall oversee management succession planning, including for the CEO of the Corporation, and at least annually review these activities with the Board.

## 28 **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.

## 29 **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.

Each director is expected to be involved in continuing director education on an ongoing basis to enable him or her to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Corporation shall pay all reasonable expenses related to continuing director education.

## 30 **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.