



**CORPORATE GOVERNANCE GUIDELINES**

**(Effective as of April 15, 2015)**

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## A. Preamble

The Board of Directors (the “**Board**”) of Pall Corporation (the “**Company**”) has adopted the following corporate governance guidelines (these “**Guidelines**”) for the Company. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and management level with a view to enhancing shareholder value over the long term and fostering sound corporate governance principles. The Board will review and amend these Guidelines as it deems necessary and appropriate to achieve these objectives.

## B. Composition of the Board

### 1. **Size of the Board**

The Company’s Certificate of Incorporation provides that the Board shall consist of not less than three (3) nor more than twelve (12) Directors, with the exact number being determined from time to time by the Board.

### 2. **Management Representation on the Board**

Subject to the right of the Board to decide otherwise when deemed appropriate, the Board believes that in general, the Chief Executive Officer of the Company should be a Director and, depending on the circumstances, certain other members of management may also be appropriate Board members.

### 3. **Selection of Directors and Board Membership Criteria**

The Board selects and recommends Director candidates for election by shareholders at the Company’s annual meeting of shareholders and has the authority to elect Directors to fill vacancies or newly created directorships, when necessary. The Nominating/Governance Committee is responsible for assisting the Board in identifying individuals qualified to become members of the Company’s Board.

In evaluating Director candidates, the Nominating/Governance Committee will take into consideration the Board’s determination that a supermajority of two-thirds of the Company’s entire Board should meet the independence requirements of the Corporate Governance Standards of the New York Stock Exchange (the “**NYSE Corporate Governance Standards**”), as set forth in Section B.4 of these Guidelines.

In addition, Directors must:

- be individuals of the highest character and integrity and have an inquiring mind, vision, a willingness to ask hard questions and the ability to work well with others;

- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a Director;
- be willing and able to devote sufficient time to fulfilling the responsibilities of a Director and Board committee member and be diligent in fulfilling those responsibilities;
- have the capacity and desire to represent the balanced, best interests of the Company shareholders as a whole and not primarily a special interest group or constituency; and,
- have appropriate skills, experiences and other characteristics to provide qualified persons to fill Board committee positions required to be filled by Independent directors.

In addition to the foregoing general criteria, the Nominating/Governance Committee shall, based on the particular needs and characteristics of the Company at the time, develop a set of specific criteria reflecting the skills, experience (i.e. business/public service/academia/medical/scientific), areas of expertise and other characteristics that it believes should be represented on the Board to enhance its effectiveness. The Nominating/Governance Committee will consider diversity of race, ethnicity, gender, professional experience, education and skill among the Directors in identifying and evaluating Director candidates.

The Nominating/Governance Committee will consider shareholder nominations for Directors that meet the notification, timeliness (if applicable), consent and information requirements of the Company's By-Laws applicable to nominations that are brought before an annual meeting by a shareholder. Provided such requirements are met, the Nominating/Governance Committee will evaluate such shareholder nominees based on the same criteria it applies to all other Director candidates.

#### **4. Independence**

The Board has determined that a supermajority of two-thirds of the Company's entire Board should be independent within the meaning of the NYSE Corporate Governance Standards. The Board will undertake an annual review of the independence of all Non-Management Directors.

In order for a Director to be considered independent under the NYSE Corporate Governance Standards, the Board must affirmatively determine that a Director does not have any direct or indirect material relationships with the Company (including its consolidated subsidiaries). The Board has established the guidelines below, which conform to the NYSE Corporate Governance Standards, to assist it in determining Director independence.

A Director is not independent if:

- the Director is, or has been within the preceding three years, or his or her Immediate Family Member (as defined below) is, or has been within the preceding three years, employed by the Company (in the case of an Immediate Family Member as an Executive Officer (as defined below));
- the Director (i) is a current partner or employee of a firm that is the Company's internal or external auditor; (ii) has an Immediate Family Member that is a current partner of such firm or who is employed by such firm and personally works on the Company's audit; and (iii) was, or his or her Immediate Family Member was, within the last three years, a partner or employee of such firm that personally worked on the Company's audit within that time;
- the Director is, or has been within the preceding three years, or his or her Immediate Family Member is, or has been within the preceding three years, employed as an executive officer by any company for which any current Executive Officer of the Company served, at the same time, as a member of such company's compensation committee;
- the Director has, or any of the Director's Immediate Family Members have received, during any twelve month period within the last three years, direct compensation in excess of \$120,000 from the Company, other than regular Director and Committee fees and pension or other deferred compensation for prior services (provided such compensation is not contingent in any way on continued service to the Company);
- the Director is a current employee of, or an Immediate Family Member is an executive officer of, a company that has made payments to, or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues;
- the Director or his or her Immediate Family Member is a significant equity holder (i.e. in excess of 10%) of an entity that provides professional services to the Company and the Director, Immediate Family Member or entity received payments with respect to such services in an amount which, in the preceding twelve months, exceeded \$250,000; and
- the Director or any Immediate Family Member serves as an officer, director or trustee of a charitable organization to which the Company has made contributions, including Company matching contributions, within the preceding three years, that in any single fiscal year exceeded the greater of \$1 million or 2% of such organization's consolidated gross revenues.

If any relationship (direct or indirect) exists between the Company and any Director that is not addressed by the standards set forth above, the Directors meeting these standards will determine whether such relationship is material and impairs the independence of such Director. In assessing the materiality of any existing or proposed Director's relationship with the Company, the Board will consider all relevant facts and circumstances. As the concern is independence from management, ownership of a significant amount of the Company's stock does not by itself preclude a determination of independence under applicable law and listing standards.

A Director who, after application of the above standards, is determined to be independent is hereafter referred to as an "**Independent Director**."

Directors have an affirmative obligation to inform the Board of any changes in their circumstances or relationships that may impact their designation by the Board as an Independent Director. This obligation includes all business relationships between, on the one hand Directors or their Immediate Family Members, and, on the other hand, the Company or the Executive Officers, whether or not such business relationships are subject to the approval requirement of the Company's Related Person Transaction Policy. Following the receipt of such information, the Board shall re-evaluate the Director's independence. If the Board determines that the change in circumstance affects the Independent Director's continuing independence, that Director is expected to offer to submit his or her resignation to the Board. The Nominating/Governance Committee will promptly determine whether to accept the offer to resign in light of all of the facts and circumstances.

For purposes of these Guidelines, the term:

"**Affiliate**" means any consolidated subsidiary of the Company and any other company or entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity.

"**Company**" means Pall Corporation and its Affiliates.

"**Executive Officer**" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended; and

"**Immediate Family Member**" includes a person's spouse, parents children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than domestic employees) who shares such person's home, but excludes any person who is no longer an immediate family member as a result of legal separation or divorce or death or incapacitation.

## 5. Election of Directors; Director Resignation After Failed Uncontested Election

In accordance with the Company's By-laws, if by the tenth (10<sup>th</sup>) day before the Company mails its notice of meeting to shareholders, (i) the Company has not received a shareholder notice of an intention to nominate one or more candidates to compete with the Board's nominees in a Director election, or (ii) all such shareholder nominations have been withdrawn, each Director shall be elected by the vote of a majority of votes cast with respect to that Director's election. A "majority of votes cast" means that the number of shares cast "for" a Director must exceed the number of votes cast "against" such Director.

Each incumbent Director will promptly tender his or her written resignation following the annual meeting of shareholders at which he or she fails to receive the required number of votes for re-election. This resignation requirement shall be referred to herein as the "**Director Candidate Resignation Requirement**." The Board may, in certain circumstances, elect Directors to fill vacancies or newly created directorships. In such circumstances, the Board shall elect a Director candidate only if he or she agrees to abide by the Director Candidate Resignation Requirement.

If an incumbent Director fails to receive the required number of votes for re-election, the Nominating/Governance Committee will act on an expedited basis to evaluate a Director's continued service on the Board, determine whether to recommend that the Board accept or reject the the Director's resignation and submit such recommendation for consideration by the Board. The Board will make a decision within 90 days following the certification of the shareholder vote. A Director whose resignation is under consideration will abstain from participating in any deliberations or decision of the Nominating/Governance Committee or the Board regarding such resignation. The Nominating/Governance Committee and the Board may consider any factors they deem appropriate and relevant in deciding whether to accept the Director's resignation, including whether the resignation would be in the best interest of the Company and its shareholders. The Board will promptly disclose publicly its decision and, if applicable, the reasons for rejecting the resignation, to the extent required by law.

## 6. Participation on Other Boards; Change in Corporate Affiliations

Directors should promptly notify the Chairman of the Board if he or she joins another board of directors or accepts an assignment to the audit committee or any other significant committee of a public company board of directors.

If a Director's principal occupation or business association changes (including changes in employer, retirement and new directorships), such Director will (a) promptly notify the Chairman of the Board; and (b) offer to submit his or her resignation to the Board.

It is the Board's position that:

- Directors who also serve as chief executive officers or in equivalent positions should not serve on more than two boards of public companies in addition to the Company Board;
- other Directors should not serve on more than four other boards of public companies in addition to the Company Board; and,
- if an Audit Committee member simultaneously serves on the audit committee of more than three public companies, the Board must determine that simultaneous service would not impair the Director's ability to effectively serve on the Company's Audit Committee. Such determination will be disclosed as required by applicable law and listing standards.

## **7. Retirement Age**

Employee Directors will retire from the Board at the time their employment with the Company ceases, unless continued service as a Director is approved by the Board.

Subject to the discretion of the Board to determine otherwise, no Director may stand for re-election to the Board after reaching age seventy-two (72).

## **8. No Pre-Determined Term Limits**

The Board does not believe arbitrary term limits for Directors are appropriate. The Nominating/Governance Committee will consider each Director's continued service at the end of his or her term in connection with its evaluation of such Director's re-nomination for election to the Board.

## **C. Board Leadership**

### **1. Chairman of the Board**

The Board will decide whether it is best for the Company at a given point in time that the roles of the Chief Executive Officer and Chairman of the Board be separate or combined and, if separate, whether the Chairman should be selected from the Independent Directors or be an employee of the Company.

As of October 3, 2013, the Board determined to combine the roles of the Chief Executive Officer and Chairman of the Board.

### **2. Lead Director**

Whenever the Chairman of the Board is not an Independent Director, the Independent Directors will, on an annual basis: (a) select from among themselves a Lead Director or (b) adopt a procedure for rotating the Lead Director position. The Lead Director (or the

procedure for rotating the Lead Director position) and a method for all interested parties to communicate directly with the Lead Director(s) will be disclosed as required by applicable law and NYSE Corporate Governance Standards.

The Lead Director's responsibilities will include the following:

- (i) call and preside over executive sessions of Non-Management Directors (as defined below);
- (ii) preside at all meetings of the Board in the absence of the Chairman of the Board;
- (iii) establish the frequency of the separate meetings of the Non-Management Directors, prepare the agenda and approve materials for such meetings in collaboration with the other Non-Management directors and with input from management, as appropriate;
- (iv) brief management directors, as appropriate, about the results of deliberations among Non-Management directors;
- (v) serve as a liaison between the Chairman of the Board and the other Non-Management Directors;
- (vi) collaborate with the Chairman of the Board regarding all information sent to the Board, including the quality, quantity, appropriateness and timeliness of such information;
- (vii) collaborate with the Chairman of the Board on developing meeting schedules and preparing meeting agendas, assuring sufficient time for discussion of all agenda items; and,
- (ix) be available, when appropriate, for consultation and direct communication with shareholders.

The term “**Non-Management Directors**” refers to Independent Directors and other Directors, if any, that have relationships with the Company, other than through current employment, that would prevent them from being Independent Directors.

## **D. Board Compensation and Performance**

### **1. Board Compensation**

Only Non-Management Directors will receive compensation for services as a Director. The Board believes that a meaningful portion of a Director's compensation should be based on the long-term appreciation of the Company's common stock, thereby creating a linkage between the Board's compensation and corporate performance.

The Compensation Committee will periodically report to the Board regarding the status of the Board's and the Committees' compensation in relation to other comparable U.S. companies. Changes in Board and Committee compensation, if any, will be recommended by the Compensation Committee and approved by the Board.

## 2. Director Stock Ownership Guidelines

The Board believes that Non-management Directors should have a meaningful personal investment in the Company. To meet this objective, the Company's Stock Ownership Guidelines for Non-employee Directors and for Executive Officers (the "**Guidelines**") require each Non-Management Director to own Company stock equivalent in value to five times (5X) such Director's annual cash retainer ("**Ownership Level**") within three years from the date the Non-Management Director is elected or appointed to the Board.

## 3. Assessing Board and Committee Performance

The Nominating/Governance Committee will oversee an annual self-evaluation by the Board and each Committee to determine their effectiveness and opportunities for improvement and report annually to the Board regarding its conclusions. The purpose of this assessment is to increase the effectiveness of the Board as a whole.

### E. Board of Directors' Responsibilities

The Board represents the shareholders' interest in perpetuating a successful business and optimizing long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations. The Board is responsible for identifying and taking reasonable actions to help assure that the Company is managed in a way designed to achieve these results. Each Director is expected to be familiar with the Company's business and public disclosures, to review all materials distributed to the Board in advance of meetings and, subject to unavoidable circumstances, to attend and participate in the annual meeting of shareholders, all Board meetings and any Committee meetings of which such Director is a member. In addition to fulfilling its obligations to shareholders, the Board should, as appropriate, consider the interests of other constituencies, including customers, employees, suppliers and the communities where the Company operates – all of whom are essential to a successful business.

The responsibilities of the Board, as a body or through its Committees, include:

- reviewing, monitoring and approving the Company's overall operating, financial and strategic plans, its operating goals and performance;
- reviewing and approving significant corporate actions, including mergers and acquisitions;
- advising on significant issues facing the Company;
- selecting, appointing and overseeing the Company's independent registered public accounting firm and providing oversight of the integrity of the Company's financial reporting;
- overseeing the process and adequacy of reporting, disclosures and communications to investors;
- selecting, evaluating, retaining and compensating the Company's Chief Executive Officer and providing oversight of the selection, evaluation, retention and compensation of the Company's other Executive Officers;

- overseeing succession planning for the Chief Executive Officer and other Executive Officers; and,
- overseeing the Company's Risk Assessment Processes and Enterprise Risk Management Program.

## **F. Management's Responsibilities**

Management is responsible for the day-to-day operations of the Company in an effective, ethical, legally compliant manner that is designed to produce value for the Company's shareholders.

The responsibilities of Management include:

- keeping the Board and the appropriate Committees of the Board informed on a timely basis as to all matters of significance to the Company;
- ensuring that the Board receives and has a reasonable time to review and evaluate information that is important to the Board's understanding of the Company's business and to all matters expected to be considered and acted upon at a Board meeting or by written consent;
- setting a tone of ethics, integrity and compliance for the Company;
- developing and executing on the Company's overall operating, financial and strategic plans;
- developing, implementing and monitoring an effective system of internal control over financial reporting and disclosure controls and procedures (as such terms are defined in the Securities Exchange Act of 1934, as amended) that are designed to ensure timely and complete reporting, disclosure and communications to investors;
- creating and maintaining an active plan for the succession of the Chief Executive Officer and other Executive Officers and fostering talent management throughout the organization; and
- maintaining Risk Assessment Processes and an Enterprise Risk Management Program.

## **G. Board Access**

### **1. Board Access to Senior Management**

The Board, each Board Committee and each Director individually, shall have complete access to the Company's management. Executive Officers are encouraged to bring non-executive managers to Board meetings, from time to time, who: (a) because of their personal involvement in an area, can provide additional insight into items being discussed; or (b) represent non-executive managers with succession potential that should be given exposure to the Board.

### **2. Board Access to Independent Advisors**

The Board (and Board Committees to the extent so provided in their Charters or otherwise authorized by the Board) has the authority to hire, at the Company's expense,

independent accounting experts, counsel and other consultants for any matters relating to the purpose or responsibilities of the Board.

### **3. Board's Interaction with Institutional Investors, Press and Customers**

The Board believes that the Company's management serves as the public spokesperson(s) for the Company. Individual members of the Board may, from time to time, and only at the request of senior management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board or the Lead Director.

## **H. Meeting Procedures**

### **1. Selection of Agenda Items for Board Meetings**

The Chairman of the Board (and the Chief Executive Officer if the Chairman is not the Chief Executive Officer) will establish the agenda for each Board meeting and will include in each such agenda any item submitted by the Lead Director, if such position is occupied. Any Board member may suggest the inclusion of items on the agenda.

### **2. Executive Sessions of Non-Management Directors**

Non-Management Directors will meet separately in regularly scheduled executive sessions at least twice a year, without the presence of management or management Directors (except to the extent their attendance is requested by the Non-Management Directors).

If the Non-Management Directors include Directors who are not Independent, the Independent Directors will meet separately in executive session at least once a year. The Chairman of the Board (if he or she is an Independent Director) or the Lead Director shall preside over the executive session.

## **I. Committee Matters**

### **1. Number, Structure and Committee Member Independence**

The Board has established an Audit Committee, a Compensation Committee, a Nominating/Governance Committee and an Executive Committee, each of which has the authority and responsibilities described in the Company's By-laws and in their respective Charters. From time to time, the Board may appoint one or more additional committees having such purpose and composition as the Board may determine is appropriate.

Each of the Audit Committee, the Compensation Committee and the Nominating/Governance Committee shall consist entirely of Independent Directors.

Members of the Audit Committee shall also meet the additional requirements for Audit Committee members under the NYSE Corporate Governance Standards and the regulations of the Securities and Exchange Commission relating to Audit Committee members.

Members of the Compensation Committee shall also meet the additional independence requirements for Compensation Committee members under the NYSE Corporate Governance Standards.

## **2. Assignment and Rotation of Committee Members**

Board members may serve on more than one Committee and the Board does not require the rotation of Directors among Committees.

The Nominating/Governance Committee will review Committee membership and chairmanship of each standing Committee on an annual basis and will make recommendations regarding any changes to the Board, as appropriate.

## **3. Frequency and Length of Committee Meetings**

Each Committee chairperson will determine the frequency and length of the Committee's meetings in consultation with Committee members, the Chairman of the Board, and in accordance with the requirements set forth in the Committee's Charter.

## **4. Committee Agenda, Background Materials and Reports**

Committee meeting agendas will be developed by each Committee chairperson in consultation with the appropriate members of management. Committee members may suggest the inclusion of items on the agenda. Each Committee chairperson or his or her delegate will also regularly report at Board meetings on Committee matters and actions and will be available to answer any questions on the same.

## **J. Miscellaneous**

### **1. Confidentiality**

The proceedings and deliberations of the Board and its Committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director.

### **2. Reliance**

To the extent not inconsistent with the New York Business Corporation Law, each Director is entitled to rely in good faith on (a) corporate records, corporate officers, corporate employees or board committees; and (b) any other person selected with

reasonable care as to matters reasonably believed to be within the person's professional or expert competence.

### **3. Director Orientation and Continuing Education**

Each new Director will be given an orientation with respect to his or her duties as a Director/Committee member and with respect to the Company, its senior management team and its business. The Nominating/Governance Committee will recommend, on an as-needed basis, continuing education programs for the Board and/or Committee members and each Director will cooperate in fulfilling any continuing education requirements.

### **4. Code of Business Conduct and Ethics**

The Board has adopted a Company Code of Conduct applicable to all Directors, officers and employees of the Company. Any waiver of this Code that is granted to Directors or Executive Officers will be disclosed in accordance with the NYSE Corporate Governance Standards and the rules of the Securities and Exchange Commission.

### **5. Disclosure of Corporate Governance Guidelines**

These Guidelines, the Committee Charters and the Company Code of Conduct will be posted on the Company's website and will be provided in print to any shareholder upon written request.

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