



PRINCIPLES OF GOVERNANCE

**Adopted:
November 19, 2014**

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MULTI-COLOR CORPORATION

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INTRODUCTION

Increasing attention has been focused in recent years on how boards of directors of public companies exercise their powers and fulfill their responsibilities. This spotlight on corporate governance has encouraged forward-looking boards to critically re-examine their practices in order to better serve the interests of shareholders and the Corporation's other constituencies.

In view of these trends in corporate governance, the Multi-Color Corporation Board of Directors has undertaken a review of its corporate governance practices and has established written principles of corporate governance.

These principles of governance are currently employed by the Board and by the individual Board members in carrying out its and their duties. The principles do not purport to be all encompassing; nor are they etched in stone. It is not possible to anticipate every issue which a Board will be called upon to address, and future changes in governance requirements will not always be foreseeable. Therefore, there will continue to be a need for thoughtful analysis and good judgment. The Board and senior management share a common commitment to pursue excellence in the realm of corporate governance.

ROLE OF THE BOARD

The ultimate role of the Board is to promote the best interests of the Corporation and its shareholders by protecting and developing the Corporation's assets and enhancing financial performance through effective oversight and management. The Corporation's assets include its financial capital, employees, management skills, physical and intellectual properties, good name and reputation in its markets, stature in communities in which it operates, and commitment to public welfare. The measure of Board stewardship is the degree to which these assets are protected and enhanced over time.

In carrying out its role, the Board's responsibilities include:

- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions
- advising management on significant issues facing the Corporation
- assessing major risks facing the Corporation and options for their mitigation
- selecting and evaluating the Chief Executive Officer
- developing and reviewing succession plans and management development programs for members of senior management

- participating in appropriate director education programs
- providing counsel and oversight on the selection, evaluation and development of senior management
- monitoring legal and regulatory compliance
- overseeing internal controls and other processes designed to ensure the accuracy and completeness of financial statements
- overseeing processes designed to ensure the Corporation's and the Corporation's employees' compliance with the Corporation's Standards of Business Conduct and Code of Ethics and applicable laws and regulations
- ensuring that the structure and practices of the Board provide for sound corporate governance

BOARD STRUCTURE AND FUNCTION

Size of Board. The Board determines the appropriate size of the Board. The Corporation's Code of Regulations provides for a Board of no less than three members. The Board currently believes the optimal size of the Board is five to nine members, based on the size and operations of the Corporation as well as the desire to encourage healthy input and debate among directors. The appropriate number of directors will vary as approved by the Board, depending on numerous factors, including growth of the Corporation, the availability of qualified candidates, retirement of directors and special capabilities of directors. The Board will periodically review the size of the Board to determine the appropriate number of directors.

Selection Process and Qualifications. Directors are elected each year by shareholders at the annual meeting of shareholders. Shareholders may propose nominees for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee recommends a slate of nominees for election to the Board.

The Nominating and Corporate Governance Committee leads the search for individuals qualified to become members of the Board and selects director nominees to be presented for approval by the Board and by shareholders at the annual meeting of shareholders. The Nominating and Corporate Governance Committee selects nominees who have the highest personal and professional integrity, have demonstrated exceptional ability and judgment and who will be the most effective, in conjunction with the other nominees and members of the Board, in collectively serving the current long-term interests of the shareholders. The Nominating and Corporate Governance Committee has no specific or formulaic diversity policy or requirement. However, when selecting director nominees, the Nominating and Corporate Governance Committee considers the make-up of the Board as a whole and favorably views Board diversity with respect to the following attributes: professional and life experience, education, skills, age, race and gender. The Nominating and Corporate Governance Committee evaluates director nominee candidates based on the same criteria regardless of whether they are recommended by the Committee or by a shareholder.

The Board recognizes that some of the best candidates for director, as well as some current directors, also serve as directors of other companies, the number of which may vary depending on the circumstances. Any employee director seeking other Board positions should obtain Committee approval. However, directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively. The Board expects that the other obligations of Board members, including other board memberships, will not infringe on the member's ability to give appropriate time to Board and committee meetings and responsibilities, as well as preparation for Board and committee meetings.

Independence of a Majority of the Board. The Board shall at all times be composed of a majority of independent directors within the meaning of the current criteria of the NASDAQ National Market System or such other exchange or trading system on which the Corporation's securities are traded.

Independent directors will not be paid for consultation services provided to the Corporation nor will the Corporation retain any firm or other entity in which an independent director has a 5% or greater interest for consulting or other services unless such retention: (i) is in compliance with applicable laws and regulations; (ii) would be consistent with the current criteria for director independence of the NASDAQ National Market System or other exchange or trading system on which the Corporation's securities are traded; and (iii) is unanimously approved by the Board.

Share Ownership. Consistent with its compensation philosophy and the principle of aligning the interests of directors of the Company with the interests of its shareholders, the Board of Directors implemented stock ownership guidelines for non-employee directors. Within five (5) years of the later of the date of adoption of the guidelines, May 17, 2013 or the appointment to the Board of Directors, each of the Company's non-employee directors is required to own an amount of Company common stock which is equal to or exceeds three (3) times such non-employee director's annual cash retainer and three (3) times their annual Restricted Stock Grant. For purposes of these requirements, the shares that are counted for purposes of satisfying ownership requirements are shares owned directly or indirectly by an entity of which such non-employee director is or has been a director, officer, consultant, partner (retired or otherwise), member or affiliate, vested and unvested shares of restricted common stock and restricted stock units."

Ethics and Conflicts of Interest. The Board expects all directors, as well as the Corporation's employees, to act ethically at all times and to adhere to the Corporation's Standards of Business Conduct and Code of Ethics. The Board expects its members to inform the Chairman of the Board of any actual or potential conflict of interest they have with the Corporation. Any significant conflict must be resolved to the satisfaction of the Board, or the member must resign. All directors recuse themselves from any discussion or decision affecting their personal, business or professional interests.

Director Orientation and Continuing Education. New directors are provided with extensive written information about the Corporation and its business. New directors also meet with existing directors and senior management as part of a process of orientation developed by the Nominating and Corporate Governance Committee and coordinated by the Chairman of the Board and the Chief Executive Officer. The Nominating and Corporate Governance Committee also establishes guidelines and requirements for continuing education of all Board members.

Length of Service. Non-employee directors will retire from the Board and not stand for election at the next annual meeting after they attain the age of 75. Directors who are employed by the Corporation will resign from the Board at such time as they are no longer an employee, unless continued service as a director is requested and approved by the Board.

Evaluation of the Board. The Board and each Board committee will perform a self-evaluation on an annual basis. The directors will be asked to provide assessments of the effectiveness of the Board and the committees on which they serve annually. Individual Board members are evaluated annually by the Nominating and Corporate Governance Committee in connection with the Nominating and Corporate Governance Committee's recommendation of existing directors for reelection. The evaluation by the Nominating and Corporate Governance Committee may include a survey of the assessments of a director by all other Board members. The goal of these evaluations is to increase the Board's effectiveness in fulfilling its duties.

Compensation of the Board. The Compensation Committee has the responsibility for recommending to the Board appropriate compensation and benefits for non-employee directors based on biannual reviews by the Compensation Committee which includes a review of research prepared by independent consultants. It is the Board's policy that a meaningful portion of director compensation be in the form of options for Corporation stock or other equity in the Corporation to further align directors' and shareholders' economic interests. Directors who are employees of the Corporation receive no additional compensation for serving as directors.

Shareholder Communications with the Board. The Board has developed and maintains a procedure for shareholder communication to the Board in compliance with current laws and regulations. Consistent with that procedure, shareholders may communicate directly with the Board. Written communications to the Board should be sent to the Chairman of the Board at the Corporation's address: 4053 Clough Woods Drive, Batavia, OH 45103.

Board Communications on Behalf of the Corporation. The Board believes that it is generally senior management's responsibility to speak on behalf of the Corporation. Individual directors may, from time to time, meet or otherwise communicate with outside constituencies of the Corporation.

Separation or Combination of Chairman and Chief Executive Officer Functions. Currently, the positions of Chairman of the Board and Chief Executive Officer are held by different persons. However, the Board has retained the flexibility to determine from time to time whether it is in the best interest of the Corporation and its shareholders to separate or combine the position of Chairman of the Board and Chief Executive Officer.

Access to Independent Advisors. The Board and its committees have the right at any time to retain independent financial, legal or other advisors. The Corporation will pay the fees and expenses of such advisors.

BOARD MEETINGS AND COMMITTEES

Board Meetings. The Board of Directors has four meetings per year scheduled in regular intervals throughout the Company's fiscal year. Special meetings are called as needed.

Meetings of Non-Employee Directors. The Board will have at least two meetings each year for the non-employee directors without management being present. These meetings may be in conjunction with regular Board meetings. The non-employee directors will select one non-employee director to preside at such meetings. The non-employee directors may meet without management present at other times as determined by the presiding non-employee director.

Board Agenda. The Chairman of the Board and the Chief Executive Officer establish the agenda for each Board meeting. All Board members are encouraged to suggest appropriate agenda items.

Access to Management. Board members have complete access to the Corporation's management. Members of senior management may regularly attend Board meetings. Any directorship or other major outside commitment of a member of senior management must be approved by the Board based on the recommendation of the Nominating and Corporate Governance Committee.

Board Committees. The Board has established the following standing committees to assist the Board in discharging its responsibilities: (i) the Audit and Finance Committee; (ii) the Nominating and Corporate Governance Committee; and (iii) the Compensation and Organization Development Committee. These committees have the duties and authority set forth in their committee charters and report regularly to the Board with regard to action taken by them. Committee chairs, with input from their committee members, determine the frequency, duration and agenda for committee meetings. The Board may establish additional committees and may combine or eliminate committees as it deems appropriate.

All members of the Audit and Finance Committee, Nominating and Corporation Governance Committee and Compensation Committee must be independent directors under the criteria established by the NASDAQ National Market System or such other exchange or trading system on which the Corporation's securities are currently traded.

The Board will make committee assignments based on the recommendation of the Nominating and Corporate Governance Committee. The need for effective and optimal committee function, and compliance with all applicable legal and regulatory requirements, are the paramount concerns in committee member and chair selections. Periodic rotation of committee membership and chairs is desirable.

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