

## **CORPORATE GOVERNANCE POLICY**

Effective corporate governance requires a clear understanding of the respective roles of the board and of senior management and their relationships with others in the corporate structure. This policy is intended to clarify these relationships and responsibilities and to promote effective corporate governance.

### **THE BOARD OF DIRECTORS**

The Board of Directors has the important role of overseeing management performance on behalf of stockholders. The board exercises its oversight responsibilities and authority by:

- Delegating authority and responsibility for managing the everyday affairs of the corporation to the CEO and senior management while monitoring and overseeing management's execution of these responsibilities and performance;
- Planning for management succession;
- Understanding, reviewing, and monitoring implementation of the corporation's strategic plans;
- Understanding and reviewing annual operating plans and budgets;
- Taking reasonable steps, through its audit committee, to become comfortable that the corporation's financial statements and other related disclosures fairly and accurately present the corporation's financial condition and results of operations;
- Reviewing internal controls;
- Selecting, overseeing and compensating (through its compensation committee), a well qualified and ethical chief executive officer who, with senior management, runs the Corporation on a daily basis.
- Reviewing and approving significant corporate actions;
- Through its nominating/corporate governance committee, nominating directors and committee members and overseeing corporate governance; and
- Reviewing and implementing any other actions which, in the discretion of the board or its committees, are necessary to promote the interests of the shareholders and effective corporate governance.

Directors should bring a range of experience and knowledge to the corporation and should not have any interests which, in the reasonable discretion of the board, could

reasonably be expected to interfere with the Director's obligation to effectively represent the interests of the shareholders or effectively govern the corporation.

In performing its oversight function, the board is entitled to reasonably rely on the advice, reports, and opinions of management, counsel, auditors and expert advisors. In this reliance, the board should be satisfied with the qualification of the advisor and the processes used by the advisor in reaching decisions and making recommendations.

## **MANAGEMENT**

It is the responsibility of the CEO and the senior management to operate the corporation in an effective and ethical manner. As part of this operations responsibility, the CEO and senior management are charged with:

- Operating the business of the corporation in a manner which is reasonably calculated to maximize the long term value of the corporation;
- Establishing and implementing a strategic plan for the corporation;
- Establishing and implementing annual operating plans and budgets;
- Selecting qualified management and establishing an effective organizational structure;
- Identifying and managing risks;
- Establishing internal controls and a financial reporting system which are reasonably calculated to produce financial reports that accurately and fairly present the corporation's financial condition;
- Setting a strong ethical tone for the corporation and establishing and implementing a code of conduct which is reasonably calculated to discourage and detect misconduct;
- Effectively and candidly communicating with shareholders on a timely basis;
- Treating employees fairly and equitably;
- Establishing the corporation as a good corporate citizen within the community;
- Implementing other goals and programs established by the board or its committees.

This policy is intended to provide a broad and flexible framework for defining the roles of, and relationships between, the board and management for effective governance

of the corporation. In accordance with this policy, it is this corporation's goal that the relationships of the board and management:

- with shareholders be characterized by candor and good faith;
- with employees be characterized by fairness;
- with the communities in which the corporation operates by good citizenship; and
- with the government by commitment to compliance.