



## **MODINE MANUFACTURING COMPANY GUIDELINES ON CORPORATE GOVERNANCE**

### **A. *Board Composition and Organization***

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

In accordance with the Company's Articles of Incorporation, the Board shall consist of at least seven Directors. Beyond that minimum requirement, the actual number of Directors shall be determined by the Board in its discretion. In addition, upon retirement, a Director may take the status of Director Emeritus upon affirmative vote of the Board as required by the Company's By-laws. Directors Emeriti attending Board meetings do so in a consultative capacity, and shall not be entitled to vote or have duties or powers of a Director. The Board does not have a policy on the number of Directors Emeriti.

#### **2. New Directors**

The Corporate Governance and Nominating Committee of the Board nominates candidates for Director vacancies to the Board. Shareholders who wish to nominate candidates for election to the Board may do so. In assessing Director candidates, the Board considers, among other things, qualifications, skills, education, experience, integrity, diversity, age, other time demands and understanding of matters of importance to the Company including finance, manufacturing, technology and global business strategy. This assessment takes place in the context of the current membership of the Board.

#### **3. Board Leadership**

The Board has discretion to select a Chairman or Lead Director based upon criteria the Board deems to be appropriate at that time. The Board may, in its discretion, select the CEO to serve as the Chairman, if it believes that would provide the most effective and efficient leadership model for the Company at that time. However, if the Board elects to have the positions of Chairman and CEO held by the same person, then the Board shall also elect an independent Lead Director and clearly outline his or her responsibilities. In the event the Board elects an independent Lead Director, his/her responsibilities shall at a minimum include the following:

- Call and preside at meetings of the Board of Directors
- Call and preside at executive sessions of the independent Directors
- Call and preside at special Board meetings
- Approve the agenda for any meeting of the Board of Directors
- Serve as primary liaison between the Board of Directors and the Chief Executive Officer
- Act as mentor to the CEO on matters related to the Board of Directors and/or other governance matters
- Serve as Chair of the Corporate Governance and Nominating Committee
- Lead the annual CEO evaluation process
- Lead the annual Board assessment process
- Recommend advisers and consultants to the Board
- Serve as Chair of the Annual Meeting of Shareholders
- Review and approve any responses to direct shareholder communications and/or proposals addressed to the Board of Directors

#### 4. Director Independence

It is the policy of the Company that a majority of its Directors be independent. However, the Company is not opposed to having members of the Company's management, including the CEO, serve as Directors. "Independent Director" means a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. At a minimum, to qualify as "independent" under these Guidelines, a Director must so qualify under governing laws, rules, regulations and standards, including those issued by the Securities and Exchange Commission and New York Stock Exchange (NYSE).

#### 5. Change in Director's Job Responsibilities

Directors should submit a resignation to the Chairman or Lead Director if there is a material negative change in his or her principal occupation or affiliation. The Board does not intend to require the resignation of a Director who experiences such a change. Rather, this policy is meant to provide the Board with an opportunity to evaluate the appropriateness of continued Board service under the circumstances.

#### 6. Classes of Directors; Term

In accordance with the Company's Bylaws, the Board shall be divided into three classes as nearly equal in number as possible. The term of office of a Director shall be three years. The classes of Directors shall be staggered so that each expires in succeeding years. At each annual meeting of shareholders, the number of Directors equal to the number of the class whose terms expire at the time of such meeting shall be elected to hold office until the third succeeding annual meeting and until their successors shall have been elected. The Board believes this structure ensures appropriate continuity.

#### 7. Retirement

In accordance with the Company's Bylaws, each Director shall be retired at the close of the term in which he or she attains the age of seventy (70), except that this provision shall not apply to any Director who has been exempted from this provision by a resolution passed by a two-thirds vote of the Board. Upon such retirement, a Director may take the status of a Director Emeritus.

#### 8. Interlocking Relationships

In furtherance of the Company and Board's objectives regarding independence, the following interlocking relationships are not permitted:

- An executive officer of the Company serving as a member of the primary governing board or any committee thereof of another entity, one of whose executive officers serves as a member of the Company's Board of Directors or any committee thereof.
- A Director of the Company serving on the primary governing board or any committee thereof of any other entity, one of whose executive officers serves as a member of the Company's Board of Directors or any committee thereof

### **B. Board Operation and Responsibilities**

#### 1. Director Responsibilities

The Board expects all Directors to use their best efforts to fulfill the following basic responsibilities: (1) attend all meetings of the Board, relevant Board Committees and Annual Shareholders Meetings, (2) participate actively in meetings of the Board and relevant Board Committees after review of materials that are provided to the Directors in advance of meetings, (3) act in a manner consistent with the best interests of the Company and its shareholders, and (4) exercise proper diligence and business judgment in performing their duties as members of the Board and its Committees.

## 2. Setting of Agenda; Distribution of Materials

The Chairman or Lead Director of the Board and the Company Secretary, in consultation with the CEO, draft the agenda for each Board meeting, and distribute it in advance to each Director. Directors are free to recommend items for inclusion in the agenda. Pertinent materials related to an agenda item are provided to Board members sufficiently in advance of Board meetings when possible and when necessary to allow the Directors to participate fully in Board discussions.

## 3. Continuing Education

Directors shall participate in continuing education activities in a manner consistent with applicable rules and regulations and the needs of the Board. All Directors are responsible for remaining appropriately informed regarding pertinent matters so as to ensure their continuing effectiveness.

## 4. Access to Employees and Outside Advisors

At the invitation of the Board, members of senior management may attend Board meetings or portions thereof for the purpose of providing management insight into matters being addressed by the Board and/or to make presentations to the Board on matters within that individual's expertise. Members of the Board have full access to all members of management and other employees of the Company. In addition, the Board and Board Committees may retain outside advisors as they deem reasonable and appropriate. The Company shall be responsible for costs incurred in connection with the use of any such advisors.

## 5. Executive Sessions

The Board holds executive sessions, or sessions attended only by the non-management Directors, on a regular basis to review matters considered appropriate by those Directors at that time. The Chairman (if independent) or Lead Director shall act as the chair of these sessions or designate another non-management Director to do so.

## 6. Shareholder Communication with the Board

Shareholders wishing to communicate with the Board of Directors or with a Board member may address communications to the Board or to the particular Board member, c/o Corporate Secretary, Modine Manufacturing Company, 1500 DeKoven Avenue, Racine, Wisconsin 53403-2552. From time to time, the Board may change the process by means of which shareholders may communicate with the Board or its members. The Company will post any such changes on its website.

## 7. Interaction with Third Parties

The Board believes that, in general, management speaks for the Company. However, individual Board members may, from time to time and as appropriate, speak with third parties such as the press, institutional investors and customers, about Company matters in a manner consistent with the Company's Disclosure Policy, which is available on the Company's website.

### **C. Board Committees**

#### 1. Number of and Type of Committees

At present, the Board has four committees: Audit Committee; Corporate Governance and Nominating Committee; Officer Nomination and Compensation Committee; and Technology Committee. The Board may alter the committee structure or create a new committee, if appropriate under the circumstances and in compliance with applicable legal and governance standards.

## 2. Appointment of Committee Members and Term

The Board is responsible for appointing Committee members and chairpersons. The Board considers the functions of the Committee and expertise, independence and experience of the Directors in making appointments. All committees shall be composed so as to comply with any governing laws, rules, regulations and standards, including those issued by the Securities and Exchange Commission and NYSE.

## 3. Frequency and Length of and Agenda for Committee Meetings

The chairperson of each Committee will consult with the members of his or her Committee and appropriate members of management and determine the frequency and length of Committee meetings and develop the Committee's agendas, guided by the Committee Charter and the needs of the Board and Company. Any Board member or member of management may recommend a matter for inclusion in any Committee's agenda.

## 4. Committee Responsibilities

Committee responsibilities are outlined in each Committee's Charter.

### **D. Performance Management and Succession Planning**

#### 1. Board and Committee Assessments

The Board and each Committee conduct self-assessments at least annually to ensure they are meeting their responsibilities effectively and efficiently.

#### 2. Formal Evaluation of CEO; Compensation of the CEO and other Executive Officers

On an annual basis, the Corporate Governance and Nominating Committee, working with the Officer Nomination and Compensation Committee ("ONC Committee") evaluates the performance goals and performance of the CEO. That evaluation is based on objective criteria, including performance of the business and development and accomplishment of strategic initiatives. The Board Chairman, or the chairperson of the Corporate Governance and Nominating Committee, as appropriate, meets with the CEO to review performance and goals. The ONC Committee, voting in executive session, makes recommendations to the Board with respect to the CEO's compensation and with respect to the compensation of all other officers as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended. The ONC Committee reports its decisions in this regard to the full Board.

#### 3. Succession Planning and Management Performance and Development

The Board recognizes the importance of being prepared for leadership succession. In order to ensure their preparedness, the Board has established several processes. Annually, the CEO is responsible for presenting to the ONC Committee a broad performance review of the members of his senior leadership team and a comprehensive succession plan relating to key leaders and their organizations below the CEO level. This plan includes organizational development plans and strategies to ensure appropriate continuity, capability and engagement of the broad leadership team. Also, working with the ONC Committee, the Corporate Governance and Nominating Committee is responsible for reviewing on at least an annual basis succession plans relative to the CEO. The current CEO participates in this process by presenting his or her assessment of the readiness of members of the senior leadership team to assume this critical position. In addition, the Board actively seeks opportunities to engage personally with critical members of the management team in order to evaluate their ability to assume greater responsibilities within the Company.

### **E. Director Compensation**

From time to time, management, often with the assistance of outside advisors, evaluates Director compensation in relation to other similarly situated companies, taking into account the time and energy

needed to fulfill the responsibilities at issue, and makes recommendations when appropriate to the ONC Committee for its consideration and assessment. Approval for Board compensation is the responsibility of the full Board.

**F. *Share Ownership Guidelines***

The Board believes that in order to further align the interests of Directors and Officers with the shareholders, Directors and Officers should have a meaningful personal investment in the Company. In furtherance of this policy, the Board, upon the recommendation of the ONC Committee, has established minimum stock ownership guidelines. The ONC Committee reviews and revises these guidelines periodically to ensure they are fair and accomplishing the objective.

**G. *Review of these Guidelines; Publication***

The Corporate Governance and Nominating Committee is responsible for reviewing these Guidelines on at least an annual basis and for approving changes as needed. These Guidelines will be made available on the Company's website. In addition, the Company will provide written copies upon request.