

## **CSG Systems International, Inc.**

A Delaware corporation  
("CSG")

### **Corporate Governance Guidelines**

Adopted November 20, 2003  
(Amended August 24, 2006, November 16, 2006,  
May 20, 2008, May 16, 2011 and November 19, 2013)

#### **1. Composition of the Board and Board Membership Criteria**

The Nominating and Corporate Governance Committee shall establish criteria for membership on the Board of Directors of CSG (the "Board"), which shall include the criteria set forth in these Corporate Governance Guidelines, and shall recommend to the Board nominees for election to the Board. In making its recommendations, the Nominating and Corporate Governance Committee shall:

- review candidates' qualifications for membership on the Board (including the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee;
- in evaluating current directors for re-nomination to the Board, assess the performance of such director as a member of the Board; and
- periodically review the composition of the Board in light of the current challenges and needs of the Board and determine whether it may be appropriate to add or remove individuals after considering issues of independence, judgment, diversity, age, skills, background and experience.

#### **2. Director Qualifications**

##### Independent Directors

A majority of the members of the Board must be independent directors as defined in Rule 4200(a)(15) of The Nasdaq Stock Market ("Nasdaq"). The Company shall disclose in the proxy statement for each annual meeting of stockholders of the Company those directors that the Board has determined to be independent under such Rule.

### Term Limits

The policy of the Board is to avoid term limits which have the disadvantage of discontinuing the availability and contributions of directors who have developed experience with, and insight into, CSG and its needs over a period of time.

### Retirement Age

The policy of the Board is that directors who attain the age of 75 years during their term shall not be eligible for reelection to the Board. Directors who attain the age of 75 during their term may continue to serve for the duration of their term.

### Simultaneous Service on Other Public Company Boards

The policy of the Board is that every director should seek the consent of the Board and confirm the absence of any actual or potential conflict prior to accepting any invitation to serve on another corporate board or with a government or advisory group.

### Conflicts of Interest

The Audit Committee shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and all such transactions must be approved by the Audit Committee. For purposes of this paragraph, "related party transactions" means transactions required to be disclosed pursuant to Securities and Exchange Commission Regulation S-K, Item 404.

Each director and executive officer of CSG shall immediately report to the Audit Committee any transaction in which he or she, or any member of his or her immediate family, is or proposes to be involved which falls within the scope of the preceding paragraph.

If a director has a direct or indirect personal interest in a matter before the Board, the director shall disclose the interest to the full Board, shall recuse himself or herself from participation in the discussion of such matter and shall not vote on such matter.

### Change in Status

If a director's principal occupation, business activity, or business association changes substantially during his or her tenure as a director, then such director by letter shall inform the Nominating and Corporate Governance Committee of such change and offer to resign from the Board. The Nominating and Corporate Governance Committee shall

review the facts and circumstances relating to such offer to resign and shall recommend to the Board the action to be taken by the Board with respect to such offer to resign.

### **3. Director Responsibilities**

The Board acts as the ultimate decision-making body of CSG and advises and oversees management, who are responsible for the day-to-day operations and management of CSG. In fulfilling these roles, each director must act in what he or she reasonably believes to be in the best interests of CSG and must exercise his or her best business judgment.

#### Participation at Board Meetings

CSG expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and financial affairs of CSG. Directors are expected to attend all Board meetings and the meetings of the committees on which they serve and to prepare themselves for these meetings.

To enable the Board to exercise fully its oversight functions, management provides the Board with access to information regarding CSG and the various aspects of CSG's business. This information comes from a variety of sources, including management reports, securities analysts' reports, information regarding peer performance, interaction with senior management at Board meetings and visits to CSG facilities. Any written materials which would assist directors in preparing for a Board or committee meeting generally shall be distributed to the directors in advance of the meeting, to the extent possible, and directors are expected to review such materials prior to the meeting.

#### CSG Performance and Corporate Strategy

The Board reviews CSG's financial performance on a regular basis at Board meetings and through periodic updates. These reviews include the views of management and may include those of investors and securities analysts.

The Board generally also conducts an annual off-site meeting to review and approve CSG's long-term strategy and assess its strategic, competitive and financial performance.

### **4. Board Agenda**

The Chairman of the Board, in conjunction with the Chief Executive Officer (the "CEO") if the CEO is not the Chairman of the Board, shall

determine the frequency and length of Board meetings and shall set the agenda for each Board meeting. Board members are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda.

#### **5. Lead Director**

The Board notes that all directors are elected by the stockholders of CSG and have an equal voice. The Board, therefore, does not believe it appropriate or necessary in serving the best interests of CSG to designate a lead director. The Chairman of the Board and the CEO (if the CEO is not the Chairman of the Board) are free, as is the Board as a whole, to call upon any one or more directors to provide leadership in a given situation should a special need arise.

#### **6. Executive Sessions of Independent Directors**

The Company's independent directors shall have regularly scheduled executive sessions at which only independent directors are present. Such executive sessions generally shall occur at least twice a year in conjunction with regularly scheduled Board meetings but also may occur at such other times as the Company's independent directors may deem necessary or appropriate.

#### **7. Board Size**

The Board presently has nine Board positions, divided into Class I with three members, Class II with three members and Class III with three members. Although the Board considers its present size to be appropriate, it may consider expanding its size to accommodate an outstanding candidate or candidates or reducing its size if the Board determines that a smaller Board would be more appropriate. The Nominating and Corporate Governance Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

#### **8. Chairman of the Board and CEO**

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman and CEO in any way that is in the best interests of CSG at a particular time. The Board may make a determination as to the appropriateness of its current policies in connection with the recruitment and succession of the Chairman of the Board and/or the CEO.

## **9. Board Committees**

The Board at all times shall have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Only directors meeting the requirements of the Sarbanes-Oxley Act of 2002 and any rules thereunder promulgated by the Securities and Exchange Commission, the rules of Nasdaq and any other applicable rules or regulations may serve on such three committees. Committee members shall be appointed by the Board based upon the recommendations of the Nominating and Corporate Governance Committee. The Nominating Committee and Corporate Governance Committee also shall recommend to the Board, for appointment by the Board, the chair of each committee. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of CSG.

In making its recommendations for committee appointments, the Nominating and Corporate Governance Committee shall:

- review candidates' qualifications for membership on the committee (including the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee;
- in evaluating current directors for re-appointment to a committee, assess the performance of such director as a member of such committee; and
- periodically review the composition of the committee in light of the current challenges and needs of the committee and determine whether it may be appropriate to add or remove individuals after considering issues of independence, judgment, diversity, age, skills, background and experience.

While the rotation of committee members and committee chairs at fixed intervals should be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time.

Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall operate pursuant to its own written charter, which shall be approved and adopted by the Board. Such charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and provisions relating to

committee structure, operations and reporting to the Board. The charters also shall provide for an annual evaluation of each committee's performance. Each of such committees shall periodically review and assess the adequacy of its charter and recommend any proposed changes in such charter to the Board.

#### **10. Board Member Access to Management and Independent Advisors**

Board members shall have free access to the management and employees of CSG and to its outside counsel and auditors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director in appropriate circumstances.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. The Board encourages senior management to make presentations at Board meetings and to invite to Board meetings managers and other employees who can provide additional insight into the items being discussed. The Board also encourages senior management to include in Board meetings individuals that senior management believes may become future leaders of CSG.

The Board and each of its committees is authorized to hire independent legal, financial or other advisors as they may consider necessary, without conferring with or obtaining the approval of management or, in the case of committees, the full Board.

#### **11. Director Compensation**

The Nominating and Corporate Governance Committee shall review and recommend to the Board compensation (including but not limited to equity-based compensation) for CSG's directors. In so reviewing and recommending director compensation, the Nominating and Corporate Governance Committee shall, among other things:

- identify corporate goals and objectives relevant to director compensation;
- evaluate the performance of the Board in light of such goals and objectives and recommend director compensation based on such evaluation and such other factors as the Nominating and Corporate Governance Committee deems appropriate and in the best interests of CSG (including the cost to CSG of such compensation); and

- recommend to the Board any long-term incentive component of director compensation, taking into account awards made to directors in past years, CSG's business and financial performance, shareholder return, the value of similar incentive awards at comparable companies and such other factors as the Nominating and Corporate Governance Committee deems appropriate and in the best interests of CSG (including the cost to CSG of such compensation).

After consideration of the recommendations of the Nominating and Corporate Governance Committee with respect to compensation for CSG's directors, the Board shall determine such compensation; however, with respect to equity grants which may be made to directors under plans administered by the Compensation Committee, such determination shall be in the form of a recommendation from the Board to the Compensation Committee.

## **12. Director Orientation**

All new members of the Board are expected to participate in an orientation program for new directors of CSG. Other directors also may attend such orientation program.

Such orientation program shall be developed and overseen by the Nominating and Corporate Governance Committee.

## **13. Management Evaluation and Management Succession**

The Compensation Committee shall evaluate the performance of the executive officers of CSG and shall present its findings to the full Board. The Board shall review the Compensation Committee's report in order to ensure that the performance of CSG's executive officers is satisfactory and that such executive officers are providing the best leadership for CSG in both the long- and short-term.

The Nominating and Corporate Governance Committee shall review and report to the Board on CSG's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO. The CEO shall periodically provide a report to the Nominating and Corporate Governance Committee evaluating and recommending potential successors to the CEO, along with a review of any development plans recommended for such individuals. The CEO also shall provide to the Board, on an ongoing basis, his or her recommendation as to a successor in the event of an unexpected emergency.