



## Principles of Corporate Governance

May 4, 2010

### GENERAL STATEMENT

The following Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of Arch Chemicals, Inc. (the "Corporation") to assist the Board in the exercise of its responsibilities. 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 stockholder value over the long term. These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Virginia Stock Corporation Act, or the Restated Articles of Incorporation or Bylaws of the Corporation and are intended to be aspiratory rather than of legal import. The Guidelines are subject to modification from time to time by the Board.

#### 1. Corporate Objective

The Corporation's primary corporate objective is to enhance shareholder value in the long term while conducting its business activities in a legal and ethical manner. This objective should be achieved by creating superior value for the Corporation's customers, employees, investors, suppliers and local communities in which the Corporation operates or is located. While balancing the interests of these constituents may be difficult, there can be no long term value creation without fair treatment of all who contribute to the achievement of the Corporation's objective.

#### 2. Role of the Board

The day-to-day management of the Corporation, including the preparation of financial statements and short and long-term strategic planning, is the responsibility of the Corporation's management. The primary responsibility of the Board is to oversee and review Management's performance of these functions. In addition, the Board is responsible for assessing major risks facing the Corporation and overseeing the management thereof. The basic responsibility of the Board is to use its business judgment to act in what each Director believes in good faith to be in the best interest of the Corporation.

#### 3. Board Composition

##### a. Size of the Board

The Board shall determine its appropriate size from time to time.

##### b. Qualifications

At least two-thirds of the members of the Board shall be independent Directors. To be independent for this purpose, the Director must not have any direct or indirect material relationship with the Corporation as determined by the Directors as provided below. The Board has established the following guidelines to assist it in determining Director independence:

1. A Director will not be independent if, within the preceding three years: (i) the Director was employed by the Corporation; (ii) an immediate family member of the Director was employed by the Corporation as an executive officer; (iii) the Director was (but is no longer) a partner in or employed by the Corporation's external auditor and personally worked on the Corporation's audit within that time; (iv) an immediate family member of the Director was (but is no longer) a partner in or employed by the Corporation's independent auditor and personally worked on the Corporation's audit within that time; (v) an executive officer of the Corporation was on the board of directors of a company which employed the Corporation's Director, or which employed an immediate family member of the Director as an executive officer; or (vi) the Director or an immediate family member of the Director received in any twelve-month period during such three-year period direct compensation from the Corporation and its consolidated subsidiaries in excess of \$100,000 other than director compensation (including committee fees and lead director fees) and pensions or other forms of deferred compensation (provided such compensation is not contingent in any way on continued service).

2. A Director will not be independent if: (i) the Director or the immediate family member of the Director is a current partner of the Corporation's external auditor firm or internal auditor service provider firm; (ii) the Director is a current employee of either such firm; or (iii) the Director has an immediate family member who is a current employee of either such firm and who participates in either such firm's audit, assurance or tax compliance (but not tax planning) practice.
3. The following commercial or charitable relationships will not be considered to be material relationships that would impair a Director's independence: (i) if a Director is a current employee of, or has an immediate family member who is a current executive officer of another company that has made payments to, or received payments from the Corporation, in any of the last three fiscal years that are less than the greater of \$1 million or two percent (2%) of the annual revenues of the company he or she is so associated; (ii) if a Director is an executive officer of another company which is indebted to the Corporation, or to which the Corporation is indebted, and the total amount of either company's indebtedness to the other is less than two percent (2%) of the total consolidated assets of the company he or she serves as an executive officer; and (iii) if a Director serves as an officer, director or trustee of a charitable organization, and the Corporation's discretionary charitable contributions to the organization are less than two percent (2%) of that organization's total annual charitable receipts (excluding for this purpose any and all of the Corporation's automatic matching of employee and Director charitable contributions).

The Board will annually review all commercial and charitable relationships of Directors. Whether Directors meet these categorical independence tests will be reviewed and will be made public annually prior to their standing for re-election to the Board.

A Director who was a past director or executive officer of Olin Corporation shall not be disqualified as an independent Director simply because of such past service unless applicable law or regulations require otherwise.

The Board shall have as members such persons that it considers it needs to perform its functions with respect to background, skill sets, diversity and business experience.

c. Selection of Chairman

The Board shall select one of its members to serve as Chairman. The Board may select the Chief Executive Officer as Chairman.

d. Lead Independent Director

The independent Directors of the Board shall select one independent Director to serve as lead independent Director. In addition to any additional duties the Board may assign from time to time, the lead independent Director shall: preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent Directors; serve as principal liaison between the Chairman and the independent Directors; participate in the flow of information to the Board by approving meeting agenda items and meeting schedules to assure that there is sufficient time for discussion of all agenda items; have the authority to call meetings of the independent Directors; and if requested by major shareholders, ensure that he or she is available, when appropriate, for consultation and direct communication with such shareholders. The lead independent Director shall be appointed to a term of not less than one year. The Board may pay additional compensation to the Director serving as the lead independent Director for such role.

In the absence of the lead independent Director so designated above at a Board meeting, the independent Directors may designate another independent Director to serve as a temporary lead independent Director for that meeting only in lieu of the absent lead independent Director.

e. Retirement; Resignation

An independent Director shall retire from the Board at the annual meeting following his or her 72nd birthday, unless the Board specifically requests otherwise.

f. Share Ownership by Directors

Non-employee Directors are required to own shares of common stock of the Corporation as provided in the Stock Ownership Policy for Non-Employee Directors.

g. Term Limits

The Board does not believe it shall establish term limits. Such limits may lose the contribution of the directors who have been able to develop over a period of time increasing insight into the Corporation's business and therefore provide an increasing contribution to the Board. In addition, management accountability may be undermined by

frequent turnover of directors.

h. Former CEO Membership

The Corporation does not have a fixed policy against a former Chief Executive Officer of the Corporation ("CEO") continuing to serve on its Board; however, it is the current expectation that the CEO will not continue on the Board once he or she ceases to be the CEO. The Corporate Governance Committee will consider whether a former CEO should serve on the Board on a case-by-case basis.

i. Selection of New Directors

The Board itself is responsible, in fact as well as procedurally, for selecting nominees for membership. The Board delegates the screening process to the Corporate Governance Committee with direct input from the CEO. Such Committee is responsible for reviewing with the Board, including the CEO, on a periodic basis the appropriate experience and skills required of new Board members in the context of the current composition of the Board.

It is the Corporation's desire to select individuals for nomination to the Board who are most highly qualified and who, if elected, will have the time, qualifications and dedication to best serve the interests of the Corporation and its shareholders, taking into account such persons' skills, expertise, breadth of experience, knowledge about the Corporation's businesses and industries, qualities and capabilities, as well as the needs and objectives of the Board and the Corporation. A person's sex, race, religion, age, sexual orientation or disability shall not be a criterion for service on the Board.

Candidates may be recommended to the Corporate Governance Committee by other Directors, employees and shareholders. After a review of Board candidates by the Corporate Governance Committee, with the aid of the CEO, the Chairman of the Corporate Governance Committee and the CEO will interview potential Board candidates designated by the Corporate Governance Committee. The results of these interviews are reviewed with all Directors before the Corporate Governance Committee recommends the candidate(s) to the Board for approval.

j. Extending the Invitation to a New Potential Director to Join the Board

The Chairman of the Corporate Governance Committee and the CEO shall jointly extend the invitation to join the Board, or to stand for election to the Board, to the individual(s).

k. Change in Director Occupation

When a Director's principal occupation or business association changes substantially during his or her tenure as a Director, that Director shall tender his or her resignation for consideration by the Corporate Governance Committee. The Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

4. Board Procedures

a. Board Meetings

Board meetings shall be held regularly as the Board determines. Directors are expected to attend Board meetings and Committee meetings on which they serve and spend the necessary time needed to prepare for such meetings.

b. Distribution of Material

Information that is important to the Board's understanding of the business to be conducted for a Board or Committee meeting should generally be distributed in writing to the directors in advance of the meeting. In addition, between Board meetings, the CEO will distribute, or cause to be distributed, to all Board members items of topical interest relating to the Corporation.

c. Selection of Agenda Items

The Chairman will establish an agenda for each Board meeting. Each Board member may suggest the inclusion of items on the agenda. Each Board member may raise at any Board meeting items that are not on the agenda for that meeting.

d. Executive Sessions

At the end of each Board meeting, the independent Directors will meet in Executive Session with the CEO. After

that session, the Chief Executive Officer will leave the meeting and the independent Directors will meet in Executive Session by themselves and the session will then be chaired by the lead independent Director. In addition, the Board will meet in Executive Session without the CEO in the following instances:

1. A CEO evaluation meeting led by the Chair of the Compensation Committee who conducts the review with the independent Directors.
2. CEO compensation meetings, led by the Chair of the Compensation Committee, to review the CEO's compensation.

e. Board Contact with Management

Directors shall have access to officers and employees of the Corporation as necessary to carry out their duties. It is expected that directors will ensure that any such contact is not disruptive to the business operations of the Corporation and that, to the extent not inappropriate, the CEO is given advance courtesy notice of any such contact.

f. Board Access to Independent Advisors

The Board shall have access, at the expense of the Corporation, to independent legal, accounting or other advisors as necessary to carry out its duties.

g. Board Interaction with Third Parties

Management speaks for the Corporation. Generally speaking, communication by the Corporation with the press, media and other constituents should be made by Management. Board members may from time to time at the request of the CEO meet or otherwise communicate with various other constituencies of the Corporation. Board members may consult with shareholders directly at any annual or special meeting of shareholders. In addition, Board members may communicate directly and confidentially with shareholders, employees and others in connection with fulfilling their oversight responsibilities as required by New York Stock Exchange rules.

h. Board and Committee Performance

The Corporate Governance Committee shall coordinate a self-evaluation of the Board and its committees at least annually to determine whether they are functioning effectively and meeting their objectives and goals and shall review the evaluations with the Board.

i. Board Orientation and Continuing Education

The Corporation under the supervision of the General Counsel will conduct an orientation for new directors about the time the new director is elected. The orientation will include presentations by Senior Management with respect to the Corporation's business, strategic plans and code of conduct and shall include a review of the director's legal responsibilities as a member of the Board. The entire orientation is completed as soon as possible after a Director joins the Board. Each Director shall attend a continuing education program for directors at least once every three years.

j. Confidentiality

Directors shall hold all material, non-public information presented to them by the Corporation in confidence and shall not disclose this information to third parties except as required by law.

k. Board Committees

The Board shall establish an Audit Committee, a Compensation Committee, a Corporate Governance Committee and such other committees as it determines appropriate for its effective functioning as a Board of a publicly-traded corporation.

The Board currently has three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance Committee. All members of each of these committees shall be independent under the requirements and definitions of the listing standards of the New York Stock Exchange and any other applicable laws or regulations. In addition, no member of the Audit Committee may simultaneously serve on the audit committee of more than three public companies. From time to time, the Board may deem it advisable either to reconfigure these committees or to establish additional standing committees, ad hoc committees or subcommittees. The Board, after consulting the recommendations of the Corporate Governance Committee, shall make all committee assignments. Although rotation of directors among committees is not mandatory, the

Corporate Governance Committee shall give due consideration to any benefits of periodic rotation in making its recommendations of assignments to the Board.

Each standing or permanent committee shall have its own written charter, adopted by the Board.

The Chair of each Board Committee, in consultation with such committee's members, shall determine the scheduling of committee meetings consistent with any requirements set forth in the committee's charter. The chairperson of each committee, in consultation with the other members of the committee and, where appropriate, members of management and outside advisors, shall develop the committee's agenda.

The Corporate Governance Committee, after consultation with the CEO and with consideration of the desires of individual Board members, recommends Committee assignments, including the Committee Chair, to the Board for approval.

Committee Chairs are rotated periodically as are other Committee members as the Board deems appropriate.

Each Committee Chair may convene, as appropriate, executive sessions of independent Board members of the Committee to discuss any matter relevant to the performance of its function.

l. Disclosure of Corporate Governance Principles

The Corporation shall publish these principles on its website and will make them available to the public upon its request. In addition, the Corporation's code of conduct and the charter of each key committee of the Board shall be made available on the Corporation's website.

m. Majority Voting for Directors

In an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote.

The Corporate Governance Committee shall promptly consider the resignation offer, and a range of possible responses based on the circumstances that led to the Majority Withheld Vote, if known, and make a recommendation to the Board. The Board will act on the Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote.

Thereafter, the Board will promptly disclose its decision-making process and decision regarding whether to accept the Director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance Committee recommendation or Board action regarding whether to accept the resignation offer, provided, however, that:

- i. in the event the Corporate Governance Committee has less than three members who are not subject to the Majority Withheld Vote in question, the independent Directors (as determined in accordance with these Principles of Corporate Governance) on the Board who are not subject to the Majority Withheld Vote in question shall consider the resignation offers and recommend to the Board whether to accept them; and
- ii. if the independent Directors not subject to the Majority Withheld Vote in question constitute fewer than three Directors, then all Directors may participate in the action regarding whether to accept the resignation offers (other than their own).

Any such Director who tenders his or her resignation shall otherwise continue to serve as a Director unless and until his or her resignation is accepted by the Board.

n. Attendance at Annual Meeting of Shareholders

It is the policy of the Board that all Directors are strongly encouraged to attend the annual meeting of shareholders.

5. Director Compensation

The Compensation Committee shall review at least annually and make recommendations to the Board regarding the form and amount of compensation to be paid for Directors' services. In making its recommendations, the Compensation Committee shall give proper consideration to what is customary compensation for directors of comparable companies

and any other factors it deems appropriate that are consistent with the policies and principles set forth in its charter and these Principles. In particular, no member of the Audit Committee may receive, directly or indirectly, any compensation from the Corporation except as set forth in the charter of such Committee. A Director who is also an officer of the Corporation shall not receive additional compensation for his or her service as a director.

The Corporation shall not compensate Directors for individual personal services provided while a director other than his or her service as a Director.

#### 6. Leadership Development

The Compensation Committee shall conduct an annual review of the CEO's performance, as set forth in its charter, and report its assessment and decisions to the Board for review.

The CEO shall provide to the Board his or her recommendations and evaluations of potential successors to the CEO and other senior management positions. At all times, the CEO shall have identified to the Board a short-term succession plan in the unexpected event the CEO or another executive officer is unable to fulfill his or her responsibilities.

#### 7. Code of Conduct

All Directors, members of Management and other employees are expected to adhere to the spirit as well as the letter of laws and regulations and to uphold the ethical standards of the Corporation in carrying out their responsibilities to and on behalf of the Corporation.

The Audit Committee shall make recommendations to the Board regarding the adequacy of the Corporation's code of conduct as well as the Corporation's procedures for ensuring proper distribution, education and compliance with such policies. Only the Board may waive compliance by a Director or executive officer with any such policies applicable to such Director or executive officer except as otherwise provided in the Policy Regarding Related Person Transactions.

#### 8. Senior Management and Outside Boards

The CEO and other officers elected by the Board who report to him ("Principal Officers") must obtain the approval of the Corporate Governance Committee prior to accepting an invitation to serve on the board of another public company or on the board of any private company that would represent a material commitment of time. Whether a limit should be placed on the number of such outside directorships will be considered on a case-by-case basis.

The CEO and Principal Officers of the Corporation may not serve on the board of a company for which an independent Director serves in any management capacity.