

## Corporate Governance Principles Amended December 2013

1. **Qualification of Board Members.** The Board will have a majority of directors who meet the criteria for independence established by the NASDAQ Stock Market. The Nominating and Governance Committee will review with the Board the requisite skills and characteristics for new Board members.
2. **Independence.** The Board must affirmatively determine that a director has no material relationship with Northwest Pipe in order for the director to be considered independent under NASDAQ Stock Market standards. The Board has established guidelines in connection with director independence determinations that provide that none of the following directors will be independent:
  - A. a director who is, or at any time during the past three years was, employed by Northwest Pipe;
  - B. a director who accepted or who has a family member who accepted any compensation from Northwest Pipe in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
    - I. compensation for board or board committee service;
    - II. compensation paid to a family member who is an employee (other than an executive officer) of Northwest Pipe; or
    - III. benefits under a tax-qualified retirement plan, or non-discretionary compensation, provided, however, that in addition to the requirements contained in this paragraph B., Audit Committee members are also subject to additional, more stringent requirements under NASDAQ Rule 4350(d).
  - C. a director who is a family member of an individual who is, or at any time during the past three years was, employed by Northwest Pipe as an executive officer;
  - D. a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which Northwest Pipe made, or from which Northwest Pipe received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
    - I. payments arising solely from investments in Northwest Pipe's securities; or
    - II. payments under non-discretionary charitable contribution matching programs.

- E. a director of Northwest Pipe who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of Northwest Pipe serve on the compensation committee of such other entity; or
  - F. a director who is, or has a family member who is, a current partner of Northwest Pipe's outside auditor, or was a partner or employee of Northwest Pipe's outside auditor who worked on Northwest Pipe's audit at any time during any of the past three years.
3. Selection of Board Members. Nominees for election to the Board will be recommended to the Board by the Nominating and Governance Committee. The Nominating and Governance Committee will seek individuals qualified to become Board members, develop criteria relating to selecting new directors, and develop, review and evaluate possible candidates for openings on the Board.
  4. Uncontested Director Elections; Director Resignation. At any shareholder meeting at which Directors are subject to 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 shall submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. The Board shall act promptly with respect to each such letter of resignation and publicly disclose its decision and rationale within 90 days following certification of the shareholder vote.
  5. Orientation and Continuing Education of Board Members. The Company will conduct an orientation program for new directors. The Board will periodically receive materials and briefing sessions to continue their education on subjects that assist directors in the discharge of their duties.
  6. Compensation of the Board. The Compensation Committee has the responsibility for recommending to the Board the level and form of compensation and benefits for director.
  7. Stock Ownership Requirement for Directors. The Board believes that each director should develop a meaningful ownership position in the Company to further align director interests and actions with the interests of the Company's shareholders, and has adopted stock ownership requirements for directors. Each non-employee director is required to own shares of common stock of the Company with a value equal to three times the amount of the annual cash retainer paid to directors (excluding additional meeting attendance fees paid, if any). Non-employee directors are expected to achieve the target ownership within five years of the later of the date the guidelines were adopted or the date the person first becomes a director.
  8. Chairman of the Board. The Chairman of the Board will be selected by the Board. The Board may select the Chief Executive Officer as Chairman if that seems best for the Company at a given point in time. The Chairman of the Board shall:
    - A. set board meeting agendas in collaboration with the CEO
    - B. preside at board meetings and the annual shareholders meeting

- C. assign tasks to the appropriate committees
  - D. serve as an ex-officio member of each board committee
  - E. ensure that information flows openly between the management and the board
9. Lead Director. The independent directors will select a lead director from the independent directors if the positions of Chairman and Chief Executive Officer are held by the same person or if the Chairman of the Board is not an independent director. The lead director shall:
- A. coordinate the activities of the independent directors
  - B. make recommendations to the CEO in setting Board meeting agendas on matters concerning the independent directors
  - C. prepare the agenda for executive sessions of the independent directors, chair those sessions and be primarily responsible for communications between the independent directors and the CEO
  - D. evaluate, along with the members of the Compensation Committee, the performance of the CEO
  - E. assist the Nominating and Governance Committee in the annual self-evaluation of the Board
  - F. recommend to the Chairman the retention of consultants, as necessary or appropriate, who report directly to the Board
  - G. advise the Chairman of the Board as to the quality, quantity, and timeliness of information sent to the Board
  - H. consult with other members of the Board as to recommendations for Board and committee membership and chairpersons of Board committees, and interview Board candidates
  - I. perform such other duties as the Board may from time to time designate
10. Size of the Board. The Board will assess its size from time to time. The Board believes that a size of six to nine is presently best for the Company.
11. Committees of the Board. The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. All members of these committees will be independent directors under the criteria established by the NASDAQ Stock Market. The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board. The Nominating and Governance Committee will periodically consider the rotation of committee members, but rotation is not mandated as a policy. Committee membership will be confirmed annually by the Board.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership.

The Chairman of each committee will determine the frequency and length of committee meetings and will develop the committee's agenda for each meeting.

12. **Director Time Commitments.** Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director. Directors must advise the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve on another public company board. Directors are discouraged from serving on more than three public company boards, including the Company's Board.
13. **Executive Officer Board Commitments.** Each Executive Officer except the CEO must obtain approval from the CEO in advance of accepting an invitation to serve on any for-profit company board. The CEO must obtain approval from the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve on any for-profit company board.
14. **Change in Director Professional Responsibilities.** Individual directors who change the responsibility they held when they were elected to the Board shall volunteer to resign from the Board. Such persons should not necessarily leave the Board. This provides an opportunity for the Board through the Nominating and Governance Committee to review the continued appropriateness of Board membership under the circumstances.
15. **Term Limits of the Board.** The Board does not believe it should establish term limits. Such limits may lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and therefore provide an increasing contribution to the Board.
16. **Agenda and Meetings; Board Information.** The Chairman will establish the agenda for each Board meeting in collaboration with the CEO. Each Board member may suggest the inclusion of items on the agenda. Each Board member may raise at any Board meeting subjects that are not on the agenda for that meeting.  
  
Directors are expected to attend the Annual Meeting of Shareholders, Board meetings and meetings of committees on which they serve, and to spend the time needed to prepare for meetings. Directors have a fiduciary duty to hold in confidence information about the Company which he or she obtains as a director.
17. **Strategic Planning.** The Board will review the Company's long-term strategic plan during at least one Board meeting each year.
18. **Chief Executive Officer Evaluation.** The performance of the Chief Executive Officer will be reviewed by the Board at least annually.
19. **Management Succession.** The Chief Executive Officer will periodically report to the Board on the Company's program for succession and management development, including his or her recommendations and evaluations of potential successors. The Board will discuss CEO succession at least annually.

20. Access to Executive Officers and Independent Advisors. Directors have full access to management of the Company. The Board may retain independent financial, legal and other advisors to assist in the performance of its duties.
21. Board Interaction with Company Constituencies and the Public. Management speaks for the Company. Communications about the Company with the press, media and other constituencies should be made by management. Individual Board members may, from time to time, at the request of the Chief Executive Officer, meet or otherwise communicate with various constituencies of the Company.
22. Executive Sessions of the Board. The independent directors will meet in executive session as a part of each regularly scheduled Board meeting. The lead director will chair such meetings.
23. Board Evaluation. The Nominating and Governance Committee is responsible for coordinating an annual self-evaluation by the directors of the Board's performance.
24. Communications to Directors. Any shareholder may communicate with members of the Company's Board, either individually or as a group, by writing to the intended member or members of the Company's Board at the address of the Company's principal office.