

# FURMANITE CORPORATION CORPORATE GOVERNANCE GUIDELINES

## 1. Introduction

Furmanite Corporation (the “Company”) is a Delaware corporation whose Common Shares are registered under Section 12 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and are listed on the New York Stock Exchange (“NYSE”). These guidelines shall serve as Corporate Governance Guidelines (the “Guidelines”) for the board of directors of the Company.

These Guidelines are intended to improve the process of corporate governance in an effort to promote the long-term successful performance of the Company. These Guidelines set forth the expectations as to how the Board should perform its functions and will be posted on the website of the Company in order to inform shareholders of the Board’s current thinking with respect to selected corporate governance issues. These Guidelines will be amended from time to time to ensure consistency with new legislative and regulatory developments as well as evolving “best practices” in the area of corporate governance.

## 2. Guidelines

### A. Role of Board and Management

The primary responsibility of the Board is to foster the long-term success of the Company consistent with the Board’s fiduciary responsibility to the Company, and to maximize Company shareholder distributions.

The Board is responsible under law for the management of the Company's businesses and its affairs. The Board has the responsibility to act in good faith and in a manner it reasonably believes to be in or not opposed to the best interests of the Company. Although Directors are elected by the shareholders to bring special expertise or a point of view to Board deliberations, the best interests of the Company, including its shareholders, must be paramount at all times.

While the Board is called upon to "manage" the business by law, this is accomplished through the Chief Executive Officer and senior management to whom the Board delegates the responsibilities of the day-to-day leadership and operations of the Company.

#### a. The Board’s Role:

1. The Board reviews the goals and strategic plans of the Company as well as the objectives and policies within which it is managed.
2. Once the Board has approved the plans, objectives and policies, it acts in a unified and cohesive manner in supporting and guiding the Chief Executive Officer and

senior management.

3. Subject to certain legal obligations and to the applicable governing documents of the Company, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, electing Board committees and committee Chairs, and determining directors' compensation.
4. The Board reviews compliance with all relevant legal and regulatory requirements, as well as matters relating to compliance with disclosure requirements, internal controls, evaluation of major risks, audits, financial reporting, and strategic planning.

b. The Chief Executive Officer and Senior Management's Role:

1. The Chief Executive Officer's prime responsibility is to lead the Company.
2. The Chief Executive Officer, along with senior management, formulates policies and proposed actions for the Company and presents them to the Board for review or approval.
3. The Chief Executive Officer, along with senior management, keeps the Board fully informed in a timely and candid manner of the progress of the Company towards the achievement of its established goals and of all material deviations from the strategic plans, objectives and policies established by the Board.

These Guidelines, along with roles and responsibilities of the Chair of the Board and the Corporate Secretary, and charters of the Audit Committee and any other committee established by the Board are reviewed and approved by the Board.

## **B. Responsibilities of the Board**

The Board has four regularly scheduled meetings a year in which it reviews and discusses reports by the Chief Executive Officer and senior management on the performance of the Company and its strategic plans and prospects. The Board holds such other meetings as necessary in its discretion. From time to time, with respect to urgent matters, Board meetings may be held by teleconference calls in accordance with the governing documents of the Company. The Chair of the Board, in conjunction with the Corporate Secretary, establishes the agenda for each Board meeting.

Directors will receive materials sufficiently in advance of meetings for items to be acted upon. The Notice of Meeting will describe significant matters to be dealt with at each meeting to enable directors to focus on reviewing the related materials. Senior management will be accessible to directors at Board and Committee meetings. Presentations on specific subjects at Board meetings will briefly summarize the materials previously sent to directors so that discussion can be focused on questions and decisions regarding the materials. In addition to its general oversight of management, the Board also performs a number of specific functions.

The Board is responsible for the following:

- a. The review and approval of the annual budget, annual financing plans, treasury authority limits, the annual report relating to corporate risk assessment, tax status updates and reports, insurance and annual insurance reporting, director and officer insurance and the director and officer liability protection program, environmental, health and safety policies and procedures, and pension fund reports.
- b. Strategic planning, the strategic planning process, and monitoring the Company's progress towards its goals.
- c. The evaluation and approval of the performance of the Chief Executive Officer and the Company against determined goals and objectives, compensation of the Chief Executive Officer and members of senior management, and the compensation structure for the Board and its committee members.
- d. The review, approval and oversight of the implementation of these Guidelines, the Company's Code of Ethics for Senior Financial Officers, the Company's Code of Ethics for all Officers, Directors and Employees (the "Code of Business Conduct"), the charters of the committees of the Board, and communication policies and disclosure guidelines.
- e. The recruitment and appointment of members of the Board to fill vacancies, the designation of committees and members of committees, the orientation and ongoing education of directors, the evaluation of the performance of the Board, Board committees and the chair of the Board, the scheduling of Board and committee meetings, and the election of officers.
- f. The review and monitoring of compliance with all significant policies and procedures by which the Company is governed and operated and the taking of all necessary steps to ensure that management operates at all times within applicable laws and regulations and to the highest ethical and moral standards.
- g. In conjunction with the Audit Committee, compliance with regulatory requirements regarding financial and other disclosure, and periodic reporting to the Securities and Exchange Commission ("SEC").
- h. The review and oversight of management's establishment, maintenance and assessment of an adequate internal control structure and procedures for financial reporting, including the related certifications required under SEC rules and regulations, as amended from time to time.
- i. The review and approval of cash distributions by the Company.
- j. The review and resolution of issues regarding related party transactions and actual or potential conflicts of interest.
- k. Acting through and in conjunction with the Audit Committee, the review and oversight of the Company's internal audit function.
- l. Acting through and in conjunction with the Audit Committee, the review, oversight and approval of the appointment, engagement and fees of the Company's outside auditors and pre-approvals of any services performed by the outside auditors.
- m. The review and approval of terms of specific financings.

### **C. Executive Sessions of Non-Management Directors**

To promote open discussions among the non-management directors, the Board will have executive sessions for the non-management directors on a regular basis without management present. A majority of the independent directors will select a presiding director for those executive sessions. Persons wishing to communicate with the non-management directors may do so by a writing addressed to a particular non-management director or to the non-management directors as a group, in each case in care of the Chairman of the Board.

### **D. Qualifications and Composition of the Board**

The Board is responsible for the composition of the Board, and for selecting its own nominee members. Members of the Board should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interest of the Company's shareholders and other stakeholders of the Company.

The composition of the Board should reflect a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company's business. While the size of the board shall be set in accordance with the governing documents of the Company, the Board believes it should be such to facilitate substantive discussions of the whole Board in which each director can participate meaningfully and that, generally, the maximum number of members of the Board should be eight. Although not required under the current rules of the NYSE, the Company should strive to have at least a majority of the Board consist of directors that the Board has affirmatively determined have no direct or indirect material relationship with the Company and who are otherwise "independent" under the rules of the NYSE, as amended from time to time, and other applicable law.

The Board does not believe that arbitrary term limits on directors' service are appropriate and the Board's self-evaluation process will be considered in determining Board tenure. A director whose place or type of employment or responsibility changes after election to the Board will have his or her Board membership status reviewed at that time.

Unless otherwise recommended by the Board, no director shall serve on the Board of the Company if they also serve on more than three other public company boards. Directors should advise the Chairman of the Board in advance of accepting an invitation to serve on another public company board.

### **E. Board Access to Management and Independent Advisors**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain advisors at the Company's expense, and to approve the fees and retention terms of its outside advisors.

Directors shall have full and free access to officers and employees of the Company. Any

meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary upon request by the director or directly by the director.

#### **F. Director Compensation**

Employees of the Company that are also directors will not receive additional compensation for their services as director. With respect to non-employee directors, the Board should conduct a review at least once every three years of the components and amount of Board compensation in relation to that paid to directors at other companies comparable to the Company. The Board should consider that a director's independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director.

#### **G. Director Orientation and Continuing Education**

Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and risk profile, its Code of Ethics, these Guidelines and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile, or any changes to the Code of Ethics or these Guidelines.

#### **H. Management Succession**

At least annually, the Board shall review and concur with a succession plan, addressing the policies and principles for selecting a successor to the Chief Executive Officer, both in an emergency situation, and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer.

The Board supports the concept of the separation and independence of the role of the Chair of the Board from that of the President. The role of the Chair of the Board is to effectively manage the Board and provide leadership to the Board. The Board is free to select its Chair and the Company's President in the manner it considers to be in the best interests of the Company.

#### **I. Performance Evaluation of the Board and Committees**

The Board shall conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Board should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each Committee of the Board should conduct a self-evaluation at least annually and report the results to the Board. Each Committee's evaluation must compare the performance of the

Committee with the requirements of its written charter.

## **J. The Committees of the Board**

The Company shall have at least the committees required by the applicable rules of the NYSE, the SEC or other applicable law. Currently, these are the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each of these committees, and any other committee the Board deems it advisable to establish, must have a written charter satisfying the applicable rules of the SEC and the NYSE and other applicable law.

All directors, whether members of a committee or not, are invited to make suggestions to a Committee Chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each Committee Chair will give a report of his or her Committee's activities to the Board at the next following meeting of the Board.

Each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee shall be composed of at least three directors who the Board has determined have no material relationship with the Company and who are otherwise "independent" under the applicable rules of the SEC and the NYSE, each as amended from time to time. The required qualifications for the members of each committee shall be set out in the respective committees' charters. A director may serve on more than one committee for which he or she qualifies.