



## **CORPORATE GOVERNANCE GUIDELINES**

### **Responsibility of the Board**

The Board of Directors of OMNOVA Solutions Inc. is committed to the long term enhancement of shareholder value. The Board believes that this commitment is best served by fostering a corporate culture of accountability, responsibility and integrity.

Board members are expected to prepare for, attend, and participate in Board meetings and meetings of Board committees on which they serve, as well as the Annual Meeting of Shareholders, and to devote the time necessary to appropriately discharge their responsibilities. Each Board member is expected to ensure that other commitments do not materially interfere with the member's service as a director. In discharging their obligations, directors should be entitled to rely on the Company's executive officers, auditors and outside advisors.

### **Director Selection**

***Board Membership Criteria.*** The Compensation and Corporate Governance Committee is responsible for establishing and reviewing, from time to time, the criteria for Board membership. Along with such other criteria as the Committee may deem appropriate, the following criteria should be considered when the Committee is recruiting, interviewing and selecting candidates for Board membership:

- Possess the integrity and mature judgment essential to effective decision making.
- Have the ability and willingness to commit necessary time and energy to prepare for, attend and participate in meetings of the Board and one or more of its standing Committees, as well as the Annual Meeting of Shareholders, and not have other directorships, trusteeships or outside involvements which would materially interfere with responsibilities as a director of the Company.
- Have the willingness and availability to serve at least one term.
- Have the willingness and ability to represent the interests of all shareholders of the Company rather than any special interest or constituency while keeping in perspective the interests of the Company's employees, customers, local communities and the public in general.

- Have background and experience that is valuable to the Company and complements the background and experience of other Board members.
- Be a shareholder or willing to become a shareholder of the Company.
- Be free from interests that are or would present the appearance of being adverse to, or in conflict with, the interests of the Company.
- Have a proven record of competence and accomplishment through demonstrated leadership in business, education, government service, finance or the sciences, including director, CEO or senior management experience; academic experience; scientific experience; financial and accounting experience; or other relevant experiences which will provide the Board with perspectives that will enhance Board effectiveness, including perspectives that may result from diversity, broadly defined to include ethnicity, race, gender, age, experiences, skills, knowledge, background and national origin or nationality.

The Compensation and Corporate Governance Committee will recommend candidates for election to the Board consistent with the above criteria. The Compensation and Corporate Governance Committee will review and make recommendations to the Board regarding the nomination of incumbent directors for re-election to the Board upon expiration of such director's term. The Committee will take into account the incumbent director's performance and expected future contributions as a Board member in making such recommendations.

***Director Orientation and Continuing Education.*** Each new director will participate in an orientation program to acquaint them with the Company's business, strategies, leadership team, legal and ethical policies and these corporate governance guidelines. The orientation may also introduce new directors to the Company's internal auditor and its independent auditor. Periodically, the Company will provide opportunities for directors to visit the Company's significant facilities in order to provide greater understanding of the Company's business and operations. In addition, from time to time, directors will receive information and updates on legal and regulatory change that affect the Company, its employees and the operation of the Board. Directors are expected to obtain and share with other members of the Board relevant insights gained from continuing education that they receive from sources outside the Company.

## **Board Composition**

***Independent Directors.*** A majority of the members of the Board shall be “independent” under the rules of the New York Stock Exchange and under applicable laws, rules and regulations.

***Ethical Conduct.*** Each director will annually confirm compliance with the Company’s Business Conduct Policies.

***Size of the Board.*** The Company’s Code of Regulations provides that the Board shall be comprised of between 7 and 17 directors. The Board determines the number of directors as permitted in the Company’s Code of Regulations and will periodically review the size of the Board based on recommendations of the Compensation and Corporate Governance Committee.

***Election of Directors.*** As provided for in the Company’s Code of Regulations, the directors are divided into three classes as nearly equal in number as possible, and at each annual meeting the members of one class of directors are elected to serve three year terms, subject to his or her earlier death, resignation or removal. In the event of a director vacancy or a decision to increase the number of directors of the company, the board may appoint one or more directors to fill the vacancy. In this event, any board appointed director will be placed on the ballot at the next annual meeting of shareholders as a nominee for election by the shareholders.

***Director Resignation Policy for Uncontested Elections.*** If, in an Uncontested Election, a nominee is an incumbent director and the number of votes “against” such nominee exceeds the number of votes “for” such nominee, then such nominee shall be considered a “Holdover Director.” A Holdover Director shall, upon certification of the results of the election, be deemed to have submitted to the Chair of the Compensation and Corporate Governance Committee an offer to resign as a director. The Compensation and Corporate Governance Committee shall promptly consider the resignation and make a recommendation to the Board whether to accept or reject it. Within 90 days following certification of the results of the election, the Board will act on the Compensation and Corporate Governance Committee’s recommendation and, if the Board determines to reject the resignation offer and retain the Holdover Director, disclose to the Corporation’s shareholders the reasons for its decision. The Holdover Director shall not participate in any discussion or decision regarding the resignation offer, but shall have all other rights and obligations of a director of the Corporation. If the Board rejects the resignation offer, such Holdover Director shall be a full director with all of the rights and obligations of a director of the Corporation. For purposes of this paragraph, an “Uncontested Election” shall mean an election in which the number of nominees for election to the Board is less than or equal to the number of directorships to be filled in such election.

***Service on Other Boards.*** All directors and executive officers shall advise the Chairman and the Chair of the Compensation and Corporate Governance Committee prior to accepting an invitation to serve on the board of directors of any for-profit company, whether public or private. The General Counsel, the Chairman and the Chair of the Compensation and Corporate Governance Committee will review the request, considering, among other issues, potential conflicts of interest resulting from such service and whether such additional commitments are likely to interfere with the requesting director's or officers' effectiveness and ability to devote sufficient time and attention to the Company, its Board of Directors and its shareholders. The Compensation and Corporate Governance Committee shall have final approval regarding such service by the requesting director or officer. Notwithstanding the foregoing, no director shall be permitted to serve on more than four public company boards of directors (including the Company's Board).

***Changes in Professional Responsibility.*** Upon a change in (i) a director's principal employment or occupation, or (ii) a significant change in the director's personal circumstances or responsibilities that the director believes would materially affect his or her ability to continue effectively serving as a director, the director must offer his or her resignation from the Board to the Compensation and Corporate Governance Committee. The Committee will consider, among other things, whether the change will limit the effectiveness and availability of the director and present a recommendation to the full Board regarding the appropriateness of his or her continued Board membership.

***Term Limits.*** The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

***Retirement Policy.*** A non-management director will offer his or her resignation at the Annual Meeting immediately preceding his or her seventy-fifth birthday. The Chief Executive Officer or other employee director shall offer his or her resignation from the Board at the time he or she retires (or otherwise terminates) from active employment with the Company.

## **Director Compensation and Performance**

***Compensation Policy and Compensation Review.*** The Compensation and Corporate Governance Committee shall periodically review and recommend to the Board the form and amount of director compensation in relation to other comparable companies and other factors the Committee deems appropriate. Changes in the compensation of directors shall require the approval of the Board. A director who is an employee of the Company will not receive compensation for his or her services as a director.

**Stock Ownership Guidelines.** Directors and executive officers are expected to have an equity ownership in the Company and, as such, are expected to comply with the stock ownership guidelines established by the Compensation and Corporate Governance Committee. The Committee will receive reports on compliance with the guidelines at least annually and will periodically review such guidelines for any changes that may be appropriate.

**Annual Performance Review.** The Compensation and Corporate Governance Committee shall oversee an assessment annually of the Board's performance and procedures and shall periodically evaluate individual director performance.

## **Board Meetings**

**Schedule.** Board meetings are scheduled in advance and held not less than five times per year. The Board holds special meetings as required.

**Agendas.** The Chairman, in consultation with the Presiding Director and other members of senior management, will establish the agenda for each Board meeting. Each Board member may submit items to be included on the agenda. Board members may also raise subjects that are not on the agenda at any meeting.

**Distribution of Board Material.** Information that is important to the Board's understanding of the Company's business should be distributed to the Board members a reasonable period of time before the Board meeting.

**Annual and Strategic Planning.** The Board shall annually review the annual and strategic plans of the Company. The timing and agenda of the reviews shall be determined by the Chairman and the Presiding Director.

**Risk Management.** The Board is responsible for the oversight of the Company's risk management process including reviews of management's strategies and actions to anticipate, identify, assess, manage and appropriately mitigate the identified risks. Aspects of this process may be delegated to board committees.

**Meetings of Non-Management Directors.** The non-management directors will meet without management directors present at each regularly scheduled meeting of the Board of Directors. Meetings of the non-management directors should generally coincide with regularly scheduled Board meetings; however, the Presiding Director or a majority of the non-management directors may call a meeting of the non-management directors at any time.

**Presiding Director.** Each year, following the Annual Meeting of the Company's shareholders, the Board appoints its members to serve on various committees for the following year and, in so doing, elects one of its members to chair each committee. Unless otherwise determined by the Board, the director who is elected to serve as Chair

of the Compensation and Corporate Governance Committee will serve as the Company's Presiding Director. In addition to the duties and responsibilities of all directors (which will not be limited or diminished in any way by the role of the Presiding Director), the Presiding Director will coordinate the activities of the other non-management directors and perform such duties as the Board may determine from time to time. Specifically, the Presiding Director will:

- Preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, and provide feedback to the Chairman regarding matters discussed in these sessions;
- Serve as a liaison between the independent directors and the Chairman, acting as a non-exclusive conduit to the Chairman of the views, concerns and issues of the independent directors;
- Call meetings of the independent directors when necessary and appropriate;
- Work with the Chairman, in conjunction with other Board members, to set meeting agendas, topics and schedules and to assess the appropriateness of information provided to the Board; and
- If requested and as appropriate for significant issues, be available, along with the CEO/Chairman, for consultation and direct communication with shareholders.

The Presiding Director may retain such counsel or consultants as he or she deems necessary to perform his or her responsibilities.

The designation of a presiding director is in no way intended to diminish or deter the frequent, open and candid discussions between all directors and each of the independent directors and the Chairman, as this has always been a positive characteristic and strength of the OMNOVA Board.

***Board Presentations and Access to Employees and Advisors.*** Directors shall have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisers, including legal counsel and independent accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, provide the Chief Executive Officer with a copy of any written communications between a director and an officer or employee of, or adviser to, the Company.

The Board encourages senior management to invite to Board meetings officers and other key employees who can provide additional insight into the items being discussed, or that senior management believes should be given exposure to the Board.

***Board Interaction With Investors, Media and Others.*** The Board believes that senior management speaks for the Company. Subject to the Director Confidentiality Policy, individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board

members would do so with the knowledge of senior management and, in most instances, at the request of senior management.

***Communications with Non-Management Directors.*** Shareholders and other interested parties who wish to communicate with the Board of Directors or a particular director may do so by sending a letter to the Secretary of the Company at 25435 Harvard Road, Beachwood, Ohio 44122. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Board Communication" or "Director Communication". All such letters must identify the author and clearly state whether the intended recipients are all members of the Board or certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

Employees who have complaints or concerns regarding accounting, internal controls or auditing matters may communicate those concerns to the Audit Committee by directing the communication to the Chairman of the Audit Committee. Confidential messages for the Chairman of the Audit Committee may also be delivered through the Company's Business Conduct Phone Line (800-664-7721).

## **Board Committees**

***Standing Committees.*** The Board will have at all times an Audit Committee, a Compensation and Corporate Governance Committee, an Executive Committee and such other committees as the Board may deem appropriate from time to time. All of the members of the Audit Committee and the Compensation and Corporate Governance Committee will be “independent” under the criteria established by the New York Stock Exchange and under applicable laws, rules and regulations.

Committees shall receive authority exclusively through delegation from the Board through the Code of Regulations, Board resolutions, committee charters or as provided by these guidelines. In addition to such delegation, the Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary without consulting or obtaining the approval of senior management.

***Appointment and Term of Service of Committee Members.*** Committee members will be appointed by the Board upon the recommendation of the Compensation and Corporate Governance Committee. Consideration will be given to rotating committee members and chairpersons periodically, but the Board does not believe that rotation should be mandated as a policy. Committee chairs shall be selected by the Board.

***Committee Charters.*** Consistent with New York Stock Exchange listing requirements, the Audit Committee and the Compensation and Corporate Governance Committee will each have a written charter approved by the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for appointment and removal, structure and operations, and reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. Consistent with New York Stock Exchange listing requirements and applicable laws, rules and regulations, the charters will be included on the Company’s website and copies of the charters will be made available upon request to the Company’s Secretary.

***Committee Meetings and Committee Agenda.*** Each committee chair, in consultation with the committee members and appropriate officers of the Company, will determine the frequency of committee meetings consistent with the committee’s charter, provided that a majority of committee members may call a meeting of the committee on which they are members at any time. Each committee chair, in consultation with the other members of the committee and senior management, will develop the committee’s agenda.

***Director Confidentiality Policy.*** Pursuant to their fiduciary duties of loyalty and care, directors are required, during and after their service as a director of the Company, to protect and hold confidential all non-public information obtained through their directorship position absent the express permission of the Board to disclose such information. Without limiting this duty,

- A director may not use Confidential Information (as defined below) for his or her own personal benefit or to benefit any person or entity outside the Company;
- A director may not disclose Confidential Information to any person outside the Company, including principals or employees of any business entity that employs the director or which has sponsored the director's election to the Board;
- A director may not disclose any specific potential or actual Company business transaction with anyone outside the Company;
- A director may not discuss Confidential Information in public settings or other settings where inadvertent disclosure may occur;
- A director must return to the Company all materials and all copies, whether in written, electronic or other media, containing Confidential Information upon his or her departure from the Company; and
- If a director discloses Confidential Information or learns that someone else has, whether intentionally or inadvertently, the director must immediately report the disclosure to the Company's legal department.

"Confidential Information" means all non-public information (whether or not material) entrusted to or obtained by a director by reason of his or her position as a director of the Company, including but not limited to:

- Non-public information about the Company's financial condition, prospects, plans, trade secrets, compensation and benefit information, marketing and sales programs and research and development information, as well as information relating to possible business transactions such as mergers, acquisitions, divestitures or joint ventures, or possible capital transactions such as credit facilities, share repurchases, dividends or stock splits;
- Non-public information concerning other companies with whom the Company may conduct business, including information about the Company's customers, suppliers, joint venture partners, or companies with which the Company is under an obligation of confidentiality; and
- Non-public information about meetings, presentations, discussions, deliberations and decisions between and among employees, officers and Directors and their advisers, including the identity, circumstances and fact of retention of any such advisers.

## **Management Succession and Other Matters**

**Chief Executive Officer Selection.** The Board shall select a Chief Executive Officer in a manner that is in the best interests of the Company.

**Evaluation of Executive Officers.** The Compensation and Corporate Governance Committee will conduct an annual review of the performance of the Chief Executive Officer and will discuss with the Chief Executive Officer his evaluation of the performance of the other executive officers of the Company. The Compensation and Corporate Governance Committee will establish base pay and other compensation arrangements for the Company's executive officers based on such factors as it deems appropriate, including competitive market data, the performance of the executive and the Company's annual budget, among other items.

**Succession Planning and Management Development.** The Board will, at least biennially, conduct a leadership review, with the assistance of senior management, for the purpose of developing a succession plan and evaluating management development. The Company's succession plan will include appropriate contingencies in case the Chief Executive Officer retires or is incapacitated. The Board, with the assistance of the Compensation and Corporate Governance Committee, will evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should at all times make available his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

**Recovery of Executive Compensation.** The Board of Directors has adopted a policy providing for the circumstances and conditions under which it may seek reimbursement of excess annual or long-term incentive compensation paid to an executive officer. The Compensation and Corporate Governance Committee will periodically review this policy and recommend to the Board any changes that it deems appropriate.

**Prohibition on Hedging and Pledging of OMNOVA Stock.** The Company has a policy prohibiting directors and executive officers from engaging in any hedging activity related to shares of OMNOVA common stock. The Company further prohibits directors and executive officers from pledging shares of OMNOVA common stock as collateral. The Compensation and Corporate Governance Committee will periodically review this policy and recommend any changes that it deems appropriate.

**Corporate Governance Guidelines.** The Compensation and Corporate Governance Committee will annually review and the board will annually approve the Corporate Governance Guidelines. The approved guidelines will be available on the Company's website.

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