

# **CORPORATE GOVERNANCE GUIDELINES**

## **PURPOSE**

The purpose of these Guidelines is to assist the Board of Directors (the “Board”) in the exercise of its responsibilities and to serve the best interests of the Company and its stockholders. These Guidelines are intended to serve as a flexible framework within which the Board may operate and not as a set of legally binding obligations. Therefore, these Guidelines are not intended to create a right of action on the part of any third party. Any action or failure to act by the Board which is contrary to these Guidelines shall not affect the validity of any actions otherwise validly taken by the Board. The Guidelines are subject to modification from time to time by the Board or the Directors Affairs/Corporate Governance Committee, as the Board or such Committee deems appropriate in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

## **ROLE OF THE BOARD OF DIRECTORS**

The Board oversees the Company’s business and monitors its management. The Board believes that responsibility for the day-to-day operations of the Company belongs to its management.

While the Company’s budgets, business and strategic plans are designed and ultimately executed by the management team, in addition to the other responsibilities imposed on it by law, regulation, stock exchange rule, the Company’s charter and bylaws or elsewhere in these Guidelines, the Board’s responsibilities include:

- reviewing and approving the Company’s annual budget;
- reviewing and approving the Company’s long-term business and strategic plan;
- reviewing and approving acquisitions and divestitures, as well as any other investments, transactions and capital expenditures that are material to the Company and/or beyond management authorization levels approved by the Board from time to time;
- reviewing and approving financial borrowings and share issuances and redemptions or repurchases;
- through regular performance updates, monitoring the Company’s performance and continuing progress against the plans;
- seeking to identify the risks and vulnerabilities facing the Company and the opportunities available to the Company, and advising management on strategies to mitigate such risks and to take advantage of such opportunities; and
- appointing the executive officers of the Company and overseeing management succession planning and initiatives.

## **DIRECTOR QUALIFICATIONS:**

Nominees for Director will be selected on the basis, among other things, of their experience, background, judgment, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time to Board duties.

Not less than a majority of the Board's members will be independent directors, as such term is defined by the rules of the New York Stock Exchange ("NYSE") and other applicable law or regulations. No director shall qualify as "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In making this determination, the Board will consider all relevant facts and circumstances, not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Each independent director shall notify the chairperson of the Director Affairs/Corporate Governance Committee as soon as practicable of any event, situation or condition that may affect the Board's evaluation of such director's independence.

## **MANDATORY RETIREMENT AGE FOR DIRECTORS:**

A Director shall retire from the Board (and not be eligible for re-election to the Board) on the date of the Annual Meeting of Shareholders immediately following the date on which such Director reaches age 74.

## **NO TERM LIMITS:**

The Board does not believe that it is in the best interest of the Company to limit the number of terms for which a person may serve as a director, because such term limits could deprive the Company of the valuable contributions of directors who have developed significant insights into the Company and its operations. As part of its responsibilities, the Director Affairs/Corporate Governance Committee will evaluate each director's nomination for reelection to the Board upon the expiration of his or her term.

## **DIRECTOR RESPONSIBILITIES AND BOARD FUNCTIONS:**

The Board is elected by the shareholders to oversee management and ensure that the long-term of interests of the shareholders are served. It is the ultimate decision-making authority within the Company, except with respect to those matters, including the election of Directors, which are reserved to the Company's shareholders.

Directors are expected to devote the time required to the affairs of the Company and matters brought before the Board necessary to enable them to exercise well informed business judgment and provide informed advice to the Company.

Directors are expected to have a significant equity interest in the Company. In that regard, a non-employee Director should own, no later than five years after his or her election to the Board,

shares of Common Stock with a value of not less than five times the annual cash retainer paid by the Company to such Directors. The determination of compliance with the foregoing guideline and of any consequences for a director's failure to so comply shall be the responsibility of the Directors' Affairs/Corporate Governance Committee.

At each meeting of the Board, the non-management Directors will meet without management present. During such meetings, the Board shall be chaired by the chairperson of one of the standing committees of the Board (Audit, Compensation or Directors Affairs/Corporate Governance) on a rotating basis. The Company shall disclose in its annual proxy statement the process by which such chairperson is designated and provide a means for interested parties to communicate directly and confidentially with such chairperson or the non-management directors as a group.

The Chairman will set the agenda for each meeting, taking into account input and suggestions from other members of the Board and management. To the extent possible, Board members will receive information prior to each Board meeting so that they have an opportunity to reflect properly on the matters to be considered at the meeting.

Information that is relevant to the Board's consideration of matters to be discussed at a meeting will, whenever possible and appropriate, be distributed to directors sufficiently in advance of the meeting date to permit directors to prepare for a discussion of such matters.

In order to foster full and frank discussion of matters before the Board, the statements, disclosures and information and materials made or exchanged during Board meetings are confidential in nature, and directors will not disclose them in whole or in part to third parties, except as otherwise authorized by the Board or as required by applicable law, regulation or stock exchange rule. In order to ensure that disclosures, public statements and press releases made on behalf of the Company are true, accurate and consistent, and unless otherwise determined by the Board in any particular instance, only the Chairman and Chief Executive Officer of the Company is authorized to issue the same, provided that he or she may delegate this authority in one or more instances.

#### **BOARD COMMITTEES:**

The Board currently has the following committees: the Audit Committee, the Compensation Committee and the Director Affairs/Corporate Governance Committee. Each of the members of the Audit Committee, the Compensation Committee and the Director Affairs/Corporate Governance Committee will be "independent" directors, within the meaning of the applicable rules of the NYSE, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (the "Exchange Act") and any other applicable law or regulation, and will otherwise satisfy all applicable requirements with respect to membership on such committees.

Directors are expected to attend all meetings of committees of which they are members. The Audit Committee, the Compensation Committee and the Directors Affairs/Corporate Governance Committee each have and will maintain written charters consistent with these Corporate

Governance Guidelines. These charters, along with these Corporate Governance Guidelines, and any amendments thereof or hereof, will be posted on the Company's website at [www.clarcor.com](http://www.clarcor.com). Each committee shall review its charter annually and recommend any proposed changes to the Board.

The Board may establish additional committees as it deems appropriate.

Each committee shall be comprised of three or more directors. Determinations as to whether a particular director satisfies the requirements for membership of the committee shall be made by the Board.

The members of each committee shall be appointed by the Board on the recommendation of the Directors Affairs/Corporate Governance Committee and shall serve for such terms as the Board may determine, or until their earlier resignation, death, or removal by the Board. Any member of a committee may be replaced at the discretion of the Board.

Each committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Board shall designate one member of each committee to serve as its chairperson. Each committee will meet at such times as determined by its chairperson or as requested by any two of its members. Notice of all meetings shall be given, and waiver thereof determined, pursuant to the provisions contained in the Company's bylaws. The committee chairperson will preside, when present, at all meetings of each committee. Any committee may meet by telephone or video conference.

Each member of a committee shall have one vote. One-third of the members, but not less than two, shall constitute a quorum. Each committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the committee members present at any meeting at which a quorum is present, or by the unanimous written consent of all of the committee members.

Each committee shall maintain copies of minutes of each of its meetings, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by that committee. A copy of the minutes of each meeting and all consents shall be placed in the Company's minute book and regularly distributed to the entire Board. Each committee shall report its activities to the Board. Each committee shall conduct an evaluation annually of its performance, and report to the Board the results thereof.

#### **BOARD COMPENSATION:**

The amount and form of compensation to be paid to members of the Board shall be based upon consideration of the need to attract and retain capable and effective Directors with the ability to maximize shareholder value, the scope and nature of the duties undertaken by the Directors, the effect such compensation may have on the independence of the Directors, the compensation paid to directors of companies comparable to the Company and their fiduciary obligations to the Company and its shareholders. Such compensation shall not include charitable donations to organizations to which any Director is affiliated.

#### **DIRECTOR ACCESS TO MANAGEMENT:**

The Board, and any individual director or group of directors, will have full access to all Company employees. The Board encourages the Chief Executive Officer to invite non-director members of management to address the Board in those instances where a manager's participation can enhance the Board's understanding of an issue under its consideration.

#### **RETENTION OF INDEPENDENT ADVISORS:**

The Board and each of its committees will have the authority to retain, at the Company's expense, and terminate independent financial, legal, accounting and other experts, advisors, consultants, and approve their terms of engagement, including, without limitation, their compensation. Each committee shall have full access to Company books, records, personnel, and facilities.

#### **MANAGEMENT SUCCESSION:**

The Board, with such input from the Committees thereof as the Board determines is appropriate in any particular instance, will at all times maintain and annually review a succession plan for the Chief Executive Officer and other senior executives.

#### **ANNUAL PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE OFFICER:**

The non-management directors each year will conduct a performance evaluation of the Chief Executive Officer. The results of this evaluation will be conveyed to the Chief Executive Officer by the Chair of the Compensation Committee. The Compensation Committee will take this evaluation into account in considering the compensation of the Chief Executive Officer.

#### **ANNUAL PERFORMANCE EVALUATION OF THE BOARD:**

The Board and each of its committees will perform an annual self-evaluation.

#### **AMENDMENT:**

These guidelines will be periodically reviewed by the Board and may be amended from time to time by the Board or by the Director Affairs/Corporate Governance Committee.

**As Adopted by the Board of Directors, December 15, 2003, and revised on:**

- **December 18, 2006;**
- **June 25, 2007**
- **December 16, 2007**
- **January 16, 2010**
- **March 22, 2011**