

# Freeport-McMoRan Inc.

## Corporate Governance Guidelines

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Freeport-McMoRan Inc. (the “Company”) to assist the Board and its committees in the exercise of its corporate governance responsibilities. Good corporate governance is a long-standing priority at the Company. The Board is committed to effective corporate governance that is informed by the Company’s stockholders, promotes the long-term interests of its stockholders, strengthens Board and management accountability, and engenders public trust in the Company. These guidelines, along with the charters of the principal Board committees, provide the framework for the governance of the Company and reflect the Board’s commitment to monitor the effectiveness of governance-related policy and decision-making at both the Board and management levels. These guidelines are intended to serve as a framework within which the Board may conduct its business and not as a set of legally binding obligations. The Board may, in its discretion, deviate from these guidelines from time to time as the Board deems appropriate or as required by applicable laws and regulations. The Board reviews these guidelines periodically, and they are subject to future refinement or changes as the Board may deem necessary.

### **Director Qualification Standards**

- 1. Board Size.** The Board shall be comprised of such number of directors as the Board deems appropriate within the requirements of the Company’s Certificate of Incorporation and By-Laws (as amended from time to time). The Governance Committee annually reviews the composition and size of the Board. In carrying out this responsibility, the Governance Committee will consider director independence requirements (including the Director Independence Standards, attached hereto as Appendix A, established by the Governance Committee), the collective knowledge, experience, expertise and diversity of the Board, the specific experience, qualifications, attributes and skills of each director, the long-term interests of the Company’s stockholders, and any other criteria the Governance Committee deems relevant.
- 2. Selection Process.** In accordance with the policies and principles in its charter, the Governance Committee is responsible for identifying, formally considering and recommending to the Board for its approval candidates to be nominated for election or re-election to the Board at each annual meeting of stockholders or as necessary to fill vacancies and newly-created directorships. The Board, acting on the recommendation of the Governance Committee, will nominate a slate of director candidates for election at each annual meeting of stockholders and will elect directors to fill vacancies, including vacancies created as a result of any increase in the size of the Board, between annual meetings.

Stockholders may propose candidates for consideration by the Governance Committee by submitting the names and the required supporting information to: Corporate Secretary, Freeport-McMoRan Inc., 333 North Central Avenue, Phoenix, Arizona 85004. Supporting information must include (a) the name and address of each of the candidate and the proposing stockholder,

(b) a comprehensive biography of the candidate, including any self-identifying diversity characteristics, and an explanation of why the candidate is qualified to serve as a director, taking into account the criteria identified below, (c) proof of ownership, the class and number of shares, and the length of time the shares of the Company's voting securities have been beneficially owned by each of the candidate and the proposing stockholder, and (d) a letter from the candidate stating his or her willingness to serve, if elected as a director.

Stockholders may directly nominate directors for election at a meeting of stockholders pursuant to specific procedures, notice and information requirements provided in the Company's By-Laws and under the applicable rules and regulations of the United States Securities and Exchange Commission ("SEC"). In addition, a stockholder or a group of stockholders meeting the criteria set forth in the Company's By-Laws may include certain eligible candidates for director in the Company's proxy materials pursuant to specific procedures, notice and information requirements provided in the Company's By-Laws and under the applicable rules and regulations of the SEC.

**3. Board Membership Criteria and Board Diversity Policy.** The Governance Committee seeks to have a Board that represents a diverse range of perspectives and experiences relevant to the Company. In evaluating the suitability of potential director nominees, the Governance Committee will consider personal and professional integrity, general understanding of the Company's industry, educational and professional background, independence, diversity, experience in corporate finance and other matters relevant to the successful management of a large publicly-traded company in today's business environment, the ability and willingness to work cooperatively with other members of the Board and with senior management of the Company and to devote adequate time to duties of the Board, including in accordance with the Company's director commitment policy. The Governance Committee will also evaluate each potential director nominee in the context of the Board as a whole, with the objective of recommending nominees who can best advance the long-term success of the business, be effective directors in conjunction with the full Board and represent stockholder interests through the exercise of sound judgment using their diversity of experience in these various areas. In determining whether to recommend an incumbent director for election, the Governance Committee also will consider the director's past attendance at meetings and participation in and contributions to the activities of the Board.

The Board recognizes and embraces diversity and is actively committed to inclusion and diversity in the boardroom. When evaluating the diversity of potential director nominees, the Governance Committee will consider a broad range of diversity, including diversity in terms of professional experience, skills and background, as well as diversity of gender, race and ethnicity. Further, when conducting searches for new directors, the Governance Committee will include qualified female and racially and/or ethnically diverse individuals in the pool of candidates.

The Governance Committee will evaluate candidates proposed for nomination by the Company's stockholders using the same criteria by which it evaluates other types of nominees.

**4. Independent Directors.** At least a majority of the members of the Board must qualify as independent. The Governance Committee of the Board has established Director Independence

Standards to assist it in determining director independence, which meet and, in some instances, exceed the independence requirements of the New York Stock Exchange (“NYSE”) corporate governance standards. Except where different or additional specific standards are set forth in the Director Independence Standards, in order for a director to qualify as independent, the director shall meet the independent director requirements of the NYSE, or such other primary exchange where the Company’s securities are listed, as may be in effect from time to time, and have no material relationships with the Company, directly or indirectly, that would impair such director’s independence. On at least an annual basis, the Board will analyze each current or prospective director’s eligibility to be classified as “independent” under the standard set forth above, and affirmatively determine that each such director has no material relationship with the Company other than as a director that would impair such director’s independence. In addition, during the year, directors are expected to inform the Chair of the Governance Committee of any material changes in their circumstances or relationships that may impact their independence.

**5. Independence of Committee Members.** In addition to the requirement that at least a majority of the members of the Board qualify as independent, all members of each of the Audit, Compensation, Governance, and Corporate Responsibility Committees will qualify as independent in accordance with the Director Independence Standards, which meet and, in some instances, exceed the independence requirements of the NYSE corporate governance standards. In addition, members of the Audit and Compensation Committees must meet heightened standards of independence in accordance with the requirements of the NYSE corporate governance standards and SEC rules and regulations, as amended from time to time.

**6. No Term Limits.** The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company’s history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

**7. Resignation Policy.** The Board believes that a director should offer his or her resignation if the director’s principal occupation or business association changes substantially. The Board also believes that a director should offer his or her resignation if there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

In addition, the Company’s By-Laws provide that a director must promptly tender his or her resignation if such director had a majority of votes cast against him or her in an uncontested election.

The Governance Committee will review any offer of resignation tendered in accordance with these guidelines or the By-Laws, as applicable, and evaluate and recommend to the Board whether such resignation should be accepted. The Board will then evaluate whether it should accept the resignation after considering the Governance Committee’s recommendation and, as applicable, take any other actions required by the By-Laws.

**8. Limitations on Additional Board and Committee Service; Director Commitment Policy.** It is the expectation of the Board that every member devote the significant time and attention necessary to fulfill their duties as a director, including regularly preparing for, attending and actively participating in meetings of the Board and its committees. Except in circumstances approved by the Governance Committee, with consideration given to public company board leadership roles and outside commitments, (a) a director may not serve on more than four boards of public companies (which includes the Company’s Board), and (b) directors serving on the Audit Committee may not simultaneously serve on the audit committee of more than three public companies (which includes the Company’s Audit Committee). The Governance Committee and the full Board will take into account the nature of and time involved in a director’s service on other boards and whether any existing or anticipated outside commitments interfere with a director’s performance when evaluating the suitability of individual directors and director nominees. Service on boards or committees of other organizations should be consistent with the Company’s conflict of interest standards. Directors are expected to advise the Chairman of the Board, the Lead Independent Director (if applicable) and/or the Chair of the Governance Committee prior to accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any other public company of which such director is a member. The Governance Committee annually conducts a review of director commitment levels to affirm that all directors are currently compliant under these guidelines.

**9. Recusal upon Conflicts of Interest.** Prior to any Board discussion or decision related to any matter that affects or potentially affects a director’s personal, business or professional interests, such director should (a) promptly disclose the existence of the potential conflict of interest to the Chairman of the Board and the Lead Independent Director (if applicable) and (b) if the Chairman of the Board or the Lead Independent Director (if applicable), in consultation with legal counsel, determines a conflict exists or the perception of a conflict is likely to be significant, recuse himself or herself from any discussion or vote related to the matter.

**10. Chairman of the Board.** The Board shall elect from among its members the Chairman of the Board. The Chairman of the Board may be one of the Company’s independent directors (an “Independent Chairman”) or may be a director who also has executive responsibilities or otherwise is a non-independent director (a “Non-Independent Chairman”). The Chairman of the Board’s responsibilities include: (a) presiding at meetings of the Board and, unless another person is designated, meetings of stockholders; (b) overseeing the management, development and functioning of the Board; and (c) in consultation with the Chief Executive Officer and Lead Independent Director, as applicable, planning and organizing the schedule of Board meetings and establishing the agendas for Board meetings. At all times during which the Chairman of the Board is a Non-Independent Chairman, these responsibilities will be carried out with the input and concurrence of the Lead Independent Director.

**11. Lead Independent Director.** The Board and Governance Committee review and evaluate the Board’s leadership structure on at least an annual basis. If the Chairman of the Board is a Non-Independent Chairman, the independent directors will appoint from among themselves a Lead Independent Director, who shall be appointed annually, as applicable, upon

recommendation of the Governance Committee. Factors considered in selecting a Lead Independent Director include experience serving on public company boards, leadership at the committee level (either at the Company or on another board), areas of expertise (with a focus on leadership and corporate governance), interest and ability to meet the time requirements of the position. The Lead Independent Director will preside at all meetings of the Board at which the Non-Independent Chairman is not present, including executive sessions of the independent directors, and will serve as liaison between the Non-Independent Chairman and the independent directors. The Lead Independent Director will approve information to be sent to the Board and agendas and schedules for meetings of the Board to ensure there is sufficient time for discussion. The Lead Independent Director will have the authority to call meetings of the independent directors and, if requested by significant stockholders, will be available for consultation and direct communication with such stockholders in compliance with applicable Company policies. The Governance Committee will periodically review the responsibilities of the Lead Independent Director, as applicable, and make appropriate recommendations to the independent directors. At all times during which the Chairman of the Board is an Independent Chairman, all of the functions and responsibilities of the Lead Independent Director shall be performed by the Independent Chairman.

### **Director Responsibilities**

Directors should exercise sound business judgment and act in what they reasonably believe to be the best interests of the Company and for the benefit of the Company's stockholders in a manner consistent with their fiduciary duties. Director responsibilities include, but are not limited to, the following functions:

- Oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- Review and, where appropriate, approve, and oversee implementation by management of the Company's major financial objectives, capital and operating budgets, strategic plans and other significant policies and corporate actions;
- Review with management the categories of risk the Company faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks, mitigation measures and action plans to be employed if a given risk materializes; and
- Represent the interests of all stockholders of the Company.

Directors are expected to attend all meetings of the Board and the committees on which they serve (and in any event no less than 75% of such meetings during any given year). Attendance by means of remote communication (including telephonic or virtual) will be permitted at the discretion of the Chairman of the Board or relevant committee. Directors are expected to be prepared for each meeting, review all materials provided to them in advance of each meeting and actively participate in discussions at such meetings. The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director, including internal discussions and information on processes of the Board and its committees.

## **Board Committees**

The Board has established the following principal committees to provide for effective direction and management of the Company's business and to assist the Board in discharging its responsibilities: (1) Audit, (2) Compensation, (3) Governance, and (4) Corporate Responsibility. The Board, on the recommendation of the Governance Committee, will appoint a chair (and, if recommended, a vice chair) of each of the Audit, Compensation, Governance and Corporate Responsibility Committees. Each of these committees will maintain a written charter addressing the committee's purpose, authority and responsibilities as well as qualifications for committee membership, procedure for committee member appointment and removal, committee structure and operations, and committee reporting obligations to the Board. Each charter will be posted on the Company's website. The Board, upon recommendation of the Governance Committee, as applicable, may establish other committees from time to time as it determines to be appropriate.

The Audit Committee assists the Board in fulfilling its oversight responsibilities relating to: (1) the effectiveness of the Company's internal control over financial reporting, (2) the integrity of the Company's financial statements, (3) the Company's compliance with legal and regulatory requirements, (4) the qualifications and independence of the Company's independent registered public accounting firm, and (5) the performance of the Company's independent registered public accounting firm and internal audit firm.

The Compensation Committee assists the Board in fulfilling its oversight responsibilities by (1) discharging the Board's responsibilities relating to compensation of the Company's executive officers, (2) overseeing the form and amount of director compensation, (3) administering the Company's cash-based and equity-based incentive compensation plans, and (4) overseeing the Company's human capital management.

The Governance Committee assists the Board in fulfilling its oversight responsibilities by (1) identifying and formally considering and recommending to the Board candidates to be nominated for election or re-election to the Board at each annual meeting of stockholders or as necessary to fill vacancies and newly-created directorships, (2) monitoring the size and composition of the Board and its committees and making formal recommendations to the Board on membership of the committees and committee structure, (3) maintaining the Company's Corporate Governance Guidelines and overseeing the Company's corporate governance practices, policies and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the practices, policies and procedures in the Company's corporate governance framework, (4) reviewing and as necessary, making recommendations to the Board with respect to stockholder proposals, and (5) evaluating the effectiveness of the Board, its committees and management.

The Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities with respect to the Company's and its consolidated subsidiaries' key environmental and social policies and implementation programs, and related risks, opportunities and other related matters affecting the Company's and its consolidated subsidiaries' business. The Company's environmental and social programs and focus areas, many of which interrelate, include, among other things: (1) safety and health, (2) responsible production frameworks, (3)

tailings management and stewardship, (4) climate, (5) water stewardship, (6) biodiversity, nature and land management, (7) waste management, (8) human rights, (9) stakeholder relations, social performance and Indigenous Peoples, (10) responsible sourcing, and (11) political activity and spending practices.

### **Executive Sessions of the Board**

Independent directors will meet without management present in executive session at the end of each regularly scheduled Board meeting, or more frequently if necessary. The Lead Independent Director or the Independent Chairman, as applicable, will preside at all executive sessions of the independent directors.

### **Access to Independent Advisors and All Company Employees, Including Management**

The Board and each of the four principal committees, including each committee's chair, have the power and authority to engage independent legal, financial or other advisors as may be deemed necessary, without consulting or obtaining the approval of the Board or management of the Company in advance. Directors also have access to the Company's legal, financial or other advisors following consultation with the Chairman of the Board or the Chief Executive Officer.

All directors have full and free access to all employees of the Company, including management. Any meetings or contacts that a director wishes to initiate may be arranged through the Chairman of the Board, the Chief Executive Officer or directly by the director. As a courtesy, directors should use judgment to ensure this contact would not be disruptive to the business operations of the Company. The directors will copy, to the extent not inappropriate, the Chairman of the Board, the Lead Independent Director (as applicable), and the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.

### **Director Compensation**

The Board, on the recommendation of the Compensation Committee, will determine the form and amount of director compensation. The Compensation Committee, which may obtain the advice of such experts as the Compensation Committee deems appropriate, will annually review the form and amount of director compensation and recommend changes to the Board as appropriate. The Compensation Committee shall seek advice from an independent compensation consultant at least every other year, or more often as needed, in connection with evaluating director compensation and formulating its recommendations to the Board. Director compensation may be paid in the form of cash, equity-based awards or other forms as the Board deems appropriate and will be at levels that are consistent with those in effect for directors of similarly situated businesses. Additional compensation may be provided to members of committees of the Board, the chairs of committees, the Independent Chairman (if applicable), and the Lead Independent Director (if applicable).

## **Director Orientation and Continuing Education**

All new directors will receive an orientation package consisting of the Company's Certificate of Incorporation and By-Laws, the Principles of Business Conduct, these Corporate Governance Guidelines, the Insider Trading Policy, all SEC filings for the current and preceding calendar year, and any other pertinent information. Each new director will meet with the Chairman of the Board, the Lead Independent Director (if applicable), the Chief Executive Officer and any other officers as determined by the Chairman of the Board to be briefed on the Company's strategic plans, key policies and practices, compliance programs and significant operational, financial, accounting, and risk management matters.

The Company encourages each director to attend, at the Company's expense, director continuing education programs, including on subjects relevant to the duties of a director, corporate governance, best board practices, the Company's industry, risk management and ethics. Periodically, directors will be invited or may request to visit certain of the Company's significant mining and other operating sites, and management will prepare educational sessions for the directors relevant to the Company's operations and plans to understand better the Company's business and culture.

The Governance Committee will monitor and evaluate the orientation and training needs of directors and make recommendations to the Board where appropriate.

## **Executive Employment, Severance and Retirement Agreements**

The Compensation Committee will review, approve and submit to the Board for its approval (a) the material terms of any proposed employment, severance or change-in-control agreement between the Company and a named executive officer (as defined in Item 402 of Regulation S-K) or proposed Chief Executive Officer (a "proposed CEO"), or any retirement agreement between the Company and any named executive officer or proposed CEO (other than any agreement offering benefits that do not discriminate in scope, terms or operation in favor of the applicable named executive officer or proposed CEO and that are generally available to all salaried employees) and (b) any proposed extension or material amendment or material modification thereto. The Board will not approve any such proposed agreement, extension or amendment described in the immediately preceding sentence unless the Compensation Committee has submitted such agreement, extension or amendment to the Board for its approval.

## **Succession Planning for Senior Executives**

The Board is focused on ensuring that the Company has an emergency and long-term succession plan in place for the Chief Executive Officer and other key senior executive positions. The independent directors of the Board are responsible for overseeing the Company's succession planning process for the Company's Chief Executive Officer and other key senior executives, and annually review the Company's succession plans for all key senior executives with input from the Chief Executive Officer.

In the event of an unexpected executive departure, the emergency succession plan allows

for smooth transfer of responsibilities to an individual who may or may not be permanently appointed to the new role. In the event of a senior executive's departure, both internal and external candidates may be considered for permanent appointment to such role.

The long-term succession plan is intended to develop a pipeline of qualified talent for key roles. The planning process includes a discussion of internal succession candidates, assessment of relevant skills and planning for professional development where necessary. Multiple internal succession candidates may be identified for an individual role and provided with relevant growth opportunities. The Board gains insight through direct exposure to internal succession candidates from their presentations to the Board, work with individual directors or Board committees, and participation in Board activities. The Company's short and long-term business strategy will be considered when evaluating internal succession candidates and their skills.

The independent directors of the Board shall meet in executive session at least annually to discuss and review the Company's emergency and long-term succession plans for the Chief Executive Officer and other key senior executives.

### **Annual Performance Evaluation of the Board and Committees**

The Board and each committee will annually review and evaluate its performance to determine whether it is functioning effectively. The Governance Committee is responsible for overseeing the annual performance evaluation of the Board as a whole and each committee of the Board and will establish procedures to assist it in exercising this oversight function. The Governance Committee will discuss with the full Board the results of these annual performance evaluations, including any recommended changes to policies or procedures of the Board or any of its committees. The Governance Committee periodically reviews the evaluation process and revises it as appropriate.

### **Principles of Business Conduct**

The Board will maintain the Company's Principles of Business Conduct (the "Principles") for the directors, officers and employees of the Company in compliance with NYSE listing standards. The Principles will be posted on the Company's website. The purpose of the Principles is to focus the directors, officers and employees on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and foster and maintain a culture of honesty and accountability.

Waivers of the Principles for any director or executive officer may only be made by the Board or by the Audit Committee, and will be posted promptly on the Company's website.

### **Approval or Ratification of Certain Transactions**

The Audit Committee or the disinterested members of the Board will review and approve, or ratify, any transaction that would require disclosure under Item 404(a) of Regulation S-K of the Securities Exchange Act of 1934, as amended. Any such related party transactions will only be approved or ratified if the Audit Committee or the disinterested members of the Board

determine that such transaction will not impair the involved person's service to, and exercise of judgment on behalf of, the Company, or otherwise create a conflict of interest that would be detrimental to the Company.

### **Reports of Accounting Concerns**

Any reports of concerns regarding accounting, internal auditing controls or other audit matters shall be reported, on a confidential basis, to one of the Company's compliance officers or the Chair of the Audit Committee. These reports may also be submitted anonymously (a) by contacting the FCX Compliance Line via phone, based on location, as described in FCX's Principles of Business Conduct, (b) by contacting the FCX Compliance Line online at <https://fcxcompliance.alertline.com>, or (c) by mail in an envelope marked "Confidential," to Chair of Audit Committee, c/o Secretary, Freeport-McMoRan Inc., 333 North Central Avenue, Phoenix, Arizona 85004. The Board shall be notified of any accounting concerns at the next regularly scheduled Board meeting or sooner, if necessary.

### **Communications**

The Board believes that senior management speaks for the Company. Individual directors may, from time to time, meet or otherwise communicate with the Company's stakeholders at the request of the Board or senior management in compliance with applicable Company policies.

Stockholders or other interested parties may communicate directly with one or more members of the Board, or the independent directors as a group, by writing to the director or directors at the following address: Freeport-McMoRan Inc., Attn: Board of Directors or the name of the individual director or directors, 333 North Central Avenue, Phoenix, Arizona 85004. The Company will forward the communication to the Independent Chairman or the Lead Independent Director, as applicable, or the appropriate director or directors for response.

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Adopted by the Board of Directors on February 3, 2004, as amended through February 6, 2024.

## **Freeport-McMoRan Inc. Director Independence Standards**

It is the policy of Freeport-McMoRan Inc. (the “Company”) that the Board of Directors (the “Board”) consist of a majority of independent directors. In accordance with the rules of the New York Stock Exchange (“NYSE”), the Board must make an affirmative determination that a director has no material relationship, directly or indirectly, with the Company. To assist the Board in making determinations of independence, the Governance Committee has established these Director Independence Standards, which meet and, in some instances, exceed the independence requirements of the NYSE corporate governance standards. In addition, members of the Audit and Compensation Committees must meet heightened standards of independence in accordance with the requirements of the NYSE corporate governance standards and United States Securities and Exchange Commission (“SEC”) rules and regulations, as amended from time to time.

### **Board of Directors**

Except where different or additional specific standards are set forth below, in order for a director to qualify as independent, the director shall meet the independent director requirements of the NYSE, or such other primary exchange where the Company’s securities are listed, as may be in effect from time to time, and have no material relationships, directly or indirectly, with the Company that would impair such director’s independence. On at least an annual basis, the Board will analyze each current or prospective director’s eligibility to be classified as “independent” under the standard set forth above, and affirmatively determine that each such director has no material relationship with the Company other than as a director. In making the determination concerning the absence of a material relationship with the Company, the Board will consider the guidelines set forth below and such additional standards established by the NYSE, or such other primary exchange where the Company’s securities are listed, as may be in effect from time to time.

A director will not qualify as independent if such director:

- (1) is, or in the past five years has been, an employee of the Company, or has an immediate family member<sup>1</sup> who is, or has been within the last five years, an executive officer of the Company;
- (2) has received, or has an immediate family member who has received, during any twelve-month period within the past three years, more than \$120,000 in direct

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<sup>1</sup> As used herein, an “immediate family member” includes a person’s spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

compensation from the Company (other than director and committee fees and pension or other forms of deferred compensation for prior service with the Company, provided such compensation is not contingent in any way on continued service);

(3) (A) is, or has an immediate family member who is, a current partner of the firm that is the Company's independent registered public accounting firm; or (B) is a current employee of such firm; or (C) has an immediate family member who is a current employee of such firm and who personally works on the Company's audit; or (D) was, or has an immediate family member who was, within the last three years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time;

(4) within the past three years is or has been, or an immediate family member is or has been, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or

(5) is a current employee, or has an immediate family member who is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

### **Audit Committee of the Board of Directors**

In addition to satisfying the independence standards set forth above, a director must satisfy the requirements of Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") in order to serve on the Audit Committee of the Board. In order to satisfy the heightened independence requirements of Exchange Act Rule 10A-3(b)(1):

- The director must not accept directly or indirectly any consulting, advisory or other compensatory fees from the Company or any of its subsidiaries<sup>2</sup>, and
- The director must not be an affiliated person of the Company or any of its subsidiaries.<sup>3</sup>

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<sup>2</sup> Excludes (i) fees for services as a director or committee member, or (ii) fixed amounts of compensation received as compensation under a retirement plan (including deferred compensation) for prior service with the Company, so long as such compensation is not contingent in any way on continued service. Disqualifying fees include fees for accounting, consulting, legal, investment banking or financial advisory services.

<sup>3</sup> Under Rule 10A-3(e)(1), an "affiliated person" is one who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer or any subsidiary thereof, and, any of the following: (i) an executive officer of an affiliate, (ii) a director who is also an employee of an affiliate, (iii) a general partner of an affiliate, or (iv) a managing member of an affiliate. A person will not be deemed to control an issuer (or any subsidiary thereof) if such person is not (i) the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the issuer (or any subsidiary thereof), and (ii) an executive officer of the issuer (or any subsidiary thereof).

## **Compensation Committee of the Board of Directors**

In addition to satisfying the independence standards set forth above for the members of the Board, a director must satisfy the heightened independence requirements of Section 16 of the Exchange Act and the rules promulgated thereunder in order to serve on the Compensation Committee of the Board.

The Board must also consider all factors specifically relevant to determining whether a director has a relationship with the Company which is material to such director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:

- the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and
- whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

When considering the sources of a director's compensation in determining his or her independence for purposes of serving on the Compensation Committee, the Board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company, in determining his or her independence for purposes of serving on the Compensation Committee, the Board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his or her ability to make independent judgments about the Company's executive compensation.