

## **COMPANY GOVERNANCE:**

The Board of Directors of Rothers Group (the "Company") sets high standards for the Company's employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the Company's business. To fulfill its responsibilities and to discharge its duty, the Board of Directors follows the procedures and standards that are set forth in these guidelines. These guidelines are subject to modification from time to time as the Board of Directors deems appropriate in the best interests of the Company or as required by applicable laws and regulations.

[Governance Guidelines](#)

[Internal Audit Charter](#)

## **COMMITTEE CHARTERS:**

[Audit Committee Charter](#)

[Compensation Committee Charter](#)

[Executive Committee Charter](#)

[Governance and Nominating Committee Charter](#)

# THE ROTHERS GROUP GOVERNANCE GUIDELINES

## Guidelines on Significant Governance Issues

(Adopted on February 4, 2011 and revised on June 20, 2011 and July 5, 2011)

### I. Board Composition

**A. Size.** The Board presently is authorized to have seven (7) directors. This size may be adjusted upward or downward between three (3) and thirteen (13) directors from time to time to reflect the changing needs of The Rotherers Group (the "Company"). The Board believes that its present size permits diversity of experience without hindering effective discussion or diminishing individual accountability.

**B. Mix of Inside and Independent Directors.** It is the policy of the Company that the Board consists of a majority of independent directors. All members of the Audit, Compensation, and Governance and Nominating Committees shall meet the applicable requirements for independence under the rules of any relevant regulatory rule or requirement specifically referenced in the respective committee charter. The Board anticipates that the Company's chief executive officer ("CEO") will be nominated annually to serve on the Board. Typically, the CEO should be the only member of management considered for Board membership.

**C. Board Membership Criteria.** Based on the needs of the Company from time to time, the Governance and Nominating Committee is responsible for recommending to the Board the types of skills and characteristics required to fill director vacancies or otherwise add or replace directors. The criteria to be considered by the Governance and Nominating Committee in making this recommendation should include issues of independence, commitment, integrity, compatibility with other Board members and Board culture, relevant experience, intelligence, understanding of the Company's business, and other factors deemed relevant.

**D. New Director Candidates.** The Governance and Nominating Committee will identify, screen, and approve candidates for director. The Governance and Nominating Committee will then recommend candidates for director to the Board. The full Board will nominate directors only from among the candidates recommended by the Governance and Nominating Committee. Any invitation to join the Board should be extended only after the full Board's approval. The Governance and Nominating Committee will consider persons recommended by the Company's security holders in writing for nomination to the Board. Such recommendations should be addressed to the attention of the Company's Secretary and must include the resume of the recommended person and a written statement from the recommending security holder(s) setting forth the reasons that the person being recommended is well qualified to serve as a director.

**E. Limit on Number of Boards Served On.** Directors (other than the CEO) will not serve on the board of directors of more than four other public companies, and the CEO will

not serve on the board of directors of more than two other public companies.

**F. Significant Changes in Director Occupation.** A director should notify the Governance and Nominating Committee promptly if he or she contemplates a material change in his or her principal occupation or business association. Upon an individual director's material change in principal occupation or business association, unless such change has been approved previously by the Board, the director shall tender his or her resignation to the Governance and Nominating Committee, for consideration by the Board upon the recommendation of the Governance and Nominating Committee. Such a letter of resignation shall become effective only if accepted by the Board.

**G. Retirement Age.** No director will be nominated for re-election or re-appointment to the Board after reaching 75 years of age.

**H. Board Compensation.** Director fees and benefits should be determined with appropriate reference to the fees and benefits for directors of comparable companies. Changes in Board compensation, if any, shall come at the recommendation of the Compensation Committee.

**I. Equity Ownership.** Each Director shall, by five years after he or she first becomes a member of the Board, acquire and hold (for the balance of time he or she serves on the Board) not fewer than 10,000 shares of Stock of the Company.

## II. Board Procedural Matters

**A. Selection of Chairperson and Chief Executive Officer.** The roles of the CEO and Chairperson of the Board should be separate and the Chairperson of the Board should be an Independent Director. The Board otherwise should be free to make the choices of Chief Executive and Chairperson in any manner that it deems best for the Company from time to time.

### **B. Board Meetings.**

**1. Frequency of Meetings.** The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined according to the needs of the business. At least annually, the Board will devote a meeting to a review of the Company's long-term strategic and business plans.

**2. Agenda.** The Chairperson of the Board will establish and distribute in advance the agenda for each Board meeting. Any director may suggest potential items for the agenda. An overall meeting schedule for the full Board should be disseminated each year as soon as reasonably practicable following the conclusion of the Company's fiscal year.

**3. Executive Sessions of Independent Directors.** The Independent Directors of the Board will meet in executive session following all regularly scheduled Board meetings, and whenever a majority of Independent Directors considers it necessary or desirable.

**4. Governance Decisions.** Decisions on matters of corporate governance will be made with the approval of a majority of either (a) the Independent Directors or (b) the Governance and Nominating Committee.

**5. Attendance of Non-Directors at Board Meetings.** Attendance of any non-director at any Board meeting is subject to the discretion of the Board. Subject to reserving that discretion, the Board encourages management to bring officers and managers into Board meetings from time to time, particularly whenever such officers and managers can provide additional insight into the matters being discussed.

**6. Preparation for Meetings.** Chairpersons of meetings should fairly facilitate open, candid discussions. The members of the Board should carefully review all Board materials provided in advance of the meeting.

**7. Conflicts of Interest.** Each director is required to disclose to the Board any financial interest or personal interest that he or she has in any matter that is being considered by the Board for approval. After making such disclosure and responding to any questions the Board may have, the interested director should abstain from voting on the matter, and, upon the request of the Chairperson of the meeting, leave that meeting while the remaining directors discuss and vote on such matter. Additionally, each director is subject to the conflict of interest provisions contained in the Company's Code of Ethics.

#### **C. Information Provided to the Board; Communications.**

**1. Pre-Meeting.** Information that is important to the matters that will be discussed at Board meetings should be distributed in advance of the meeting, if possible, so that Board meeting time can be conserved for substantive discussion.

**2. Between Meetings.** The CEO should, through a suitable method of communication, continue between meetings to advise the Board of any significant developments that occur.

**3. Communications.** Candid discussion between and among the directors and CEO on a regular basis is encouraged.

**D. Counsel and Advisors.** The Board and each of its Committees may retain its choice of legal counsel and other advisors, at their discretion and at the expense of the Company, as it deems necessary or appropriate to carry out its duties for the Company.

#### **E. Expectations of Directors.**

**1. Attendance; Availability.** Each director should make every reasonable effort to attend each meeting of the Board and any Committee of which the director is a member, and to be reasonably available to management and the other directors for consultation between meetings.

**2. Review of Materials.** Directors should carefully review information distributed to them prior to Board and Committee meetings.

**3. Corporate Opportunities.** Directors shall make business

opportunities relating to the Company's business available to the Company before pursuing the opportunity for the director's own or another's account.

**4. Director Orientation and Continuing Education.** Each new director shall participate in a director orientation programme that will familiarise him or her with the Company's businesses, strategies, and policies and assist him or her in developing the skills and knowledge required for service on the Board. Each director shall participate, at least every two years, in a continuing director education programme of not less than eight hours. The Board expects each director to take steps reasonably necessary to be adequately informed about the Company and external matters affecting it in order to enable the director to function effectively on the Board and Committees on which the director serves.

**F. Board Evaluations; Assessing the Board's Performance.** The Board shall conduct a self-evaluation annually. The Governance and Nominating Committee shall be responsible for establishing the evaluation criteria and implementing the process for such self-evaluation. There should be regular, candid discussions by the CEO and the directors, between them individually, and/or among them as a group regarding how best to maximise each director's contribution to the Board.

### III. Committee Matters

**A. Number; Titles; Charters; Subcommittees.** The current standing Board Committees are (a) Audit, (b) Compensation, (c) Governance and Nominating, and (d) Executive. The Board may add new committees or review existing committees as it deems advisable in the fulfillment of its responsibilities. Each Committee shall have a written charter setting forth its duties and responsibilities that is reviewed annually, with the assistance of counsel and advisers, as appropriate, to make certain that the charter and the activities of the committee are consistent with then-current sound governance practices and legal requirements. To the extent legally permissible, each Committee may form and delegate authority to subcommittees; however, no subcommittee will have any final decision-making authority on behalf of the Committee.

**B. Independence of Committee Members.** All members of the Audit, Compensation, and Governance and Nominating Committees shall meet the applicable criteria for independence under any other relevant regulatory rule or requirement specifically referenced in the respective committee charter.

**C. Assignments of Committee Members.** Committee members shall be appointed by the Board upon the recommendation of the Governance and Nominating Committee, which should take into consideration the qualifications and desires of individual directors in recommending the assignment of directors to various Committees. Consideration should be given to rotating committee members periodically, but rotation is not mandated.

**D. Frequency and Length of Committee Meetings.** Each Committee Chairperson, in consultation with Committee members, will determine the date and length of each Committee's meetings. A special meeting of the Committee may be called by the Chairperson or upon the request of any two Committee members.

**E. Committee Agenda.** Each Committee Chairperson, in consultation with the Committee members and management (if appropriate), will develop the Committee's agenda and, when practicable, circulate it to each member of the Committee prior to the meeting date.

**F. Attendance at Committee Meetings.** Attendance of non-Committee persons at Committee meetings will be at the pleasure of the Committee. Committees should regularly meet in executive session outside the presence of management.

**G. Minutes and Reports.** Minutes of each Committee meeting or action will be kept and distributed to each member of the respective Committee and to the Company's Secretary. Each Committee will report regularly to the Board at its regular meetings on substantive matters considered by the Committee and also then seek any Board approval or ratification deemed necessary or appropriate by the Committee.

**H. Term of Committee Service.** Each member of the Board Committees shall be a director and shall be appointed or removed by the Board at any time in its discretion. There are no formal term limits for Committee membership; however, no Committee member should have an expectation of a permanent or continuing membership.

**I. Self-Evaluation.** Each Committee shall be responsible for conducting, and for implementing the process for, an annual self-evaluation. Each Committee shall conduct this annual self-evaluation based on criteria established by the Governance and Nominating Committee. All results of the annual self-evaluation will be reported to the Board. The Chairperson of each Committee should periodically discuss the performance of his or her Committee and the contributions made by each Committee member with the Chairperson of the Board and the Chairperson of the Governance and Nominating Committee, with a view to making full and productive use of directors' talents and improving the performance of each Committee.

**J. Investigations.** Each Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

**K. Committee Chairpersons.** One of the Committee members shall be appointed Chairperson of the Committee by the Board, based upon the recommendation of the Governance and Nominating Committee, or, absent such appointment or in such person's absence from a Committee meeting, by majority

vote of the Committee members present at the Committee meeting.

#### **IV. Management Development Matters; Succession Planning**

**A. Evaluation and Compensation of the Chief Executive Officer and all other Executive Officers.** The Compensation Committee oversees the design, development and implementation of the compensation programme for the CEO and other executive officers. The Compensation Committee evaluates the performance of the CEO and determines CEO compensation in light of the goals and objectives of the compensation programme. The Compensation Committee also evaluates the performance of the other executive officers and determines their compensation, based upon discussion with and the recommendation of the CEO.

**B. Succession Planning; Management Development.** A succession plan shall be reviewed by the Board and the Compensation Committee annually. There should be an annual report to the Board by the CEO on succession planning and management development, both in the short- and long-term. The Compensation Committee should monitor issues associated with executive officer succession and management development, and regularly report to the Board on them. As part of this responsibility, the Compensation Committee also should monitor issues associated with preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of the senior management team, and identifying the CEO's and other executive officers' successors.

#### **V. Other Matters**

**A. Policy Against Company Loans.** Neither the Company nor any of its subsidiaries shall provide loans, loan guaranties, or otherwise directly or indirectly extend or guaranty credit to any executive officer or director of the Company.

**B. Board Access to Management.** Directors have complete access to management. Directors will use judgment to be sure that such contacts are not distracting to the business operations of the Company. The Board and each Committee have unrestricted access to the Company's independent public accountants, internal auditors, internal counsel, outside counsel, and anyone else in or acting for the Company, and may require any of them to attend any meeting of the Board or a Committee or to meet with any members of, or consultants or advisors to, the Board or a Committee.

**C. Board Interaction With Third Parties.** The Board normally should communicate publicly (i.e., to any persons outside the Company other than outside advisors) through designated executive officers or other Company employees who should coordinate all contacts with outside constituencies, such as the press, customers, investors, analysts, or the financial community.

**D. Insurance; Indemnification; Limitation of Liability.** The directors shall be entitled to have the Company purchase directors' and officers' liability insurance on their behalf as is reasonable under the circumstances, to the benefits of indemnification to the fullest extent permitted by law, to the benefits of indemnification agreements, and to exculpation from financial liability as provided by law and the Company's Certificate of Incorporation.

**E. Amendments of Guidelines.** The Governance and Nominating Committee will review these Guidelines at least annually to ensure that they remain suitable for the needs of the Company. The Governance and Nominating Committee will recommend changes to the Board, as necessary.



# **THE ROTHERS GROUP INTERNAL AUDIT CHARTER**

## **I. PURPOSE**

The purpose of the Internal Audit Department is to provide an independent and objective appraisal of the operations and internal control systems of The Rothers Group (the “Company”) in a manner designed to add value to its business and improve its performance. In order to fulfill its purpose, the Internal Audit Department uses a systematic, disciplined approach to evaluate and improve the effectiveness of the Company’s risk management, internal control, and governance processes. This approach assists Company management as well as the Board of Directors in the effective discharge of their responsibilities.

## **II. AUTHORITY AND INDEPENDENCE**

Internal Audit activities for the Company are the responsibility of the Internal Audit Department headed by the Internal Audit Director. To provide for the independence of the Internal Audit Department, the Internal Audit Director reports functionally to the Audit Committee of the Board of Directors (“Audit Committee”) and organisationally to the Chief Financial Officer. The Audit Committee reviews the qualification, performance, and objectivity of the internal auditors, including the Internal Audit Director, and advises in their appointment or replacement. The Internal Audit Department shall maintain a staff of sufficient size and experience to fulfill its responsibilities.

In reporting to the Audit Committee, the Internal Audit Director provides reports to the full Audit Committee and, to preserve independence, meets privately on a regular basis with the Audit Committee and its Chair without members of management or the independent auditor present. To maintain its independence, the Internal Audit Department will have no operating responsibility or authority over any of the departments or areas that it audits. The Internal Audit Department will have unrestricted access to all Company records, personnel, property, and activities. Without limiting the foregoing, the Internal Audit Department shall have full and direct access to the Company’s Chief Financial Officer as necessary to carry out its responsibilities.

## **III. RESPONSIBILITIES AND SCOPE OF WORK**

### **A. Scope of Work**

The scope of work of the Internal Audit Department is to ensure the integrity and reliability of the Company’s financial reporting and to determine whether the organisation’s operational risk management, internal controls, and governance processes, as designed and represented by management, are adequate and operating effectively. In order to accomplish this, the Internal Audit Department and its Director are responsible for developing and executing a comprehensive audit programme for the evaluation of:

- 1) the reliability and integrity of financial reporting and management information and the means used to identify, measure, classify, and report such information;
- 2) the controls established by management to ensure compliance with the policies, plans, procedures, laws, and regulations that could have a significant impact on

- operations and reports, and whether the Company is in compliance;
- 3) the means of safeguarding the Company's resources and assets and, as appropriate, verifying the existence of such assets; and
  - 4) Company policies and plans to ascertain whether results are consistent with established objectives and goals and appraising the policies and plans relating to the activity or function under audit review.

## **B. Internal Audit Function**

The Internal Audit Department's coverage is Company-wide. As part of its coverage, the Internal Audit Department is authorised to review any activity necessary for it to provide an assessment of the Company's risk management, internal control, and governance processes. Generally, these audit assurance activities include:

- 1) Developing and executing a comprehensive audit programme for the evaluation of Company operations and management controls;
- 2) Reporting on the results of internal audit examinations, including recommendations for improvement; and
- 3) Evaluating management's response to internal audit findings and conducting follow-up reviews to ensure that corrective action was adequate to address the findings.

Specifically, the Internal Audit Department and its Director are responsible for:

- 1) Developing and implementing an annual Internal Audit Plan using appropriate risk-based methodology, considering risks or control concerns identified by management and the Audit Committee, and submitting the annual Internal Audit Plan to the Audit Committee for review;
- 2) Aiding in the creation of a budget for the Internal Audit Department that enables the Department to execute fully the annual Internal Audit Plan and fulfill all of its other responsibilities, and submitting the budget to the Audit Committee for review;
- 3) Conducting internal audits in accordance with Company policies and procedures, following relevant professional standards for internal auditors;
- 4) Issuing written audit reports to responsible managers and other relevant personnel that set forth audit findings and recommendations;
- 5) Authorising the publication of reports on the results of audit examinations, including recommendations for improvement;
- 6) Reporting as necessary to the Audit Committee and senior management regarding any significant audit deficiencies, including suspected fraud;
- 7) Ensuring that responsible managers and other relevant personnel create written management action plans in response to written audit reports;
- 8) Following-up on outstanding issues with management action plans created in response to audit reports to ensure that management is addressing significant risks and deficiencies within an acceptable time frame;
- 9) Coordinating with the Company's independent auditor to determine areas in which Internal Audit Department can assist and complement the work of the independent auditor. The Internal Audit Director will meet with the independent auditor to review audit plans and ensure that there is no duplication of functions.

### **C. Management Controls**

The Internal Audit Department is intended to assist management of the Company with the effective discharge of their responsibilities. To accomplish this, the Internal Audit Department is responsible for:

- 1) Reviewing organisations within the Company to determine whether they are effectively and efficiently carrying out their functions of controlling, planning, organising, and directing in accordance with management instructions, policies, and procedures, and in a manner consistent with the Company's mission;
- 2) Assisting management in its assessment of the effectiveness of the Company's disclosure controls and procedures; and
- 3) Assisting management in its assessment of the effectiveness of the Company's internal controls over financial reporting;
- 4) Assisting management and the Audit Committee in evaluating the effectiveness of the Company policies and procedures for risk assessment and management, as well as the Company's plans to monitor, control, and minimise such risks;
- 5) Reviewing and reporting on Company (including foreign subsidiaries and affiliated entities) compliance with applicable accounting and legal requirements contained in the Company's Code of Ethics; and
- 6) Conducting special examinations at the request of Chief Financial Officer and the Audit Committee of the Board of Directors.

### **IV. AUDIT COMMITTEE REPORTING**

In addition to periodically submitting to the Audit Committee for review a proposed Internal Audit Plan, the Internal Audit Department also shall report all material findings and recommendations to the Audit Committee. In this regard, the Internal Audit Director shall report at least quarterly to the Audit Committee regarding the activities of the Internal Audit Department, including reporting on:

- 1) Significant internal audit findings and corresponding management action plans, as well as the Internal Audit Department's evaluation of management's action plan;
- 2) Follow-up activities by the Internal Audit Department to ensure that management has taken appropriate action with respect to significant audit findings;
- 3) Whether audit activities have been directed toward the highest exposure risk and toward increasing efficiency, economy, and effectiveness of operations;
- 4) Coordination efforts between the Internal Audit Department and the independent auditor to avoid duplication of work;
- 5) Annual Internal Audit Plan completion status, including any recommended changes to the annual Internal Audit Plan;
- 6) Any unwarranted restrictions on the authority of the Internal Audit Department or on access to the Company's activities, records, property, or personnel;
- 7) The adequacy and effectiveness of Company policies and procedures for risk assessment and management; and
- 8) Compliance by the Company (including its foreign subsidiaries and affiliated entities) with applicable accounting and legal requirements contained in the Company's Code of Ethics.

## THE ROTHERS GROUP AUDIT COMMITTEE CHARTER

### I. Purpose

The Audit Committee ("Committee") of the Board of Directors (the "Board") of The Rothers Group (the "Company") shall represent and assist the Board with the oversight of:

- A. the integrity of the Company's financial statements and internal controls;
- B. the Company's compliance with legal and regulatory requirements;
- C. the performance of the Company's internal audit function and the registered public accounting firm (the "independent auditors"); and
- D. the independent auditors' qualifications and independence.

### II. Committee Structure

**A. Membership.** The Committee will be comprised of three or more members of the Board, each of whom in the judgment of the Board qualifies as an "independent director". No member may have participated in the preparation of the financial statements of the Company or any subsidiary at any time during the past three years. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. At least one member of the Audit Committee shall meet the definition of an "audit committee financial expert" The Chairperson and members of the Committee shall be appointed by the Board upon the recommendation of the Governance and Nominating Committee and may be removed by the Board at its discretion.

**B. Meetings; Agenda; Minutes.** The Committee shall meet at least four times annually. A special meeting may be called by the Chairperson or upon the request of any two members of the Committee. The Chairperson, in consultation with the Committee members and management (if appropriate), will set the agenda for each meeting and, when practicable, circulate it to each member of the Committee prior to the meeting date. At least quarterly, the Committee should meet separately, in executive session, with management, the director of the internal audit function, and the Company's independent auditors to discuss any matters that the Committee or each of these groups believe should be discussed, including the Company's financial statements and significant findings based upon the auditors' limited review procedures. Minutes of each Committee meeting or action will be kept and distributed to each member of the respective Committee and to the Company's Secretary. Preliminary drafts or information given consideration by the Committee (unless included in the final minutes) need not be distributed.

**C. Funding.** The Company shall provide the Committee with such funding as the Committee reasonably decides is necessary for the engagement and retention of the Company's independent auditors and any advisors employed by the Committee, as well as for the performance of the Committee's other functions as detailed in this Charter.

### III. Authority and Responsibilities

**A. Authority.** The Committee shall have and may exercise authority on behalf of the Board with respect to assisting in the oversight of the following:

1. the integrity of the Company's financial statements, financial reporting process, internal auditing function and systems of internal controls regarding finance and accounting;
2. the Company's compliance with legal and regulatory requirements;
3. the performance of the Company's internal audit function and of its independent auditors;
4. the independent auditors' qualifications and independence; and
5. the preparation of an Audit Committee Report for inclusion in the Company's Annual Proxy Statement.

**B. Limits of Responsibilities.** The Committee's responsibilities are limited to oversight. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements. The Company's independent auditors are responsible for performing an audit of the Company's annual financial statements and expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company's quarterly financial statements. Each member of the Committee is entitled to rely on the accuracy of the financial and other information provided by persons within the Company, the independent auditors, and any professionals and experts engaged by the Committee to assist it in carrying out its duties.

**C. Independent Auditors.** It is the Committee's sole responsibility to:

1. Select and retain the independent auditors (subject to ratification by the Company's stockholders), evaluate and terminate when appropriate, the independent auditors, set the independent auditors' compensation, oversee the work of the independent auditors, and pre-approve all audit services to be provided by the independent auditors.
2. Pre-approve all permitted non-audit services to be performed by the independent auditors and establish policies and procedures for the engagement of the independent auditors to provide permitted audit and non-audit services.
3. At least annually, receive and review: (a) a report by the independent auditors describing the independent auditors' internal quality control procedures and any material issues raised by the most recent internal quality- control review, peer review, or Public Company Accounting Oversight Board review, of the independent auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (b) other required reports from the independent auditors.
4. At least annually, review the independence of the independent auditors, including whether the provision by the independent auditors of permitted non-audit services is compatible with independence, and obtain and review a written report from the independent auditors describing all relationships between the independent auditors and the Company. Discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take, or recommend that the Board take, appropriate action to oversee the independence of

the outside auditors.

5. Review with the independent auditors: (a) the scope and results of the audit; (b) any problems or difficulties that the auditor encountered in the course of the audit work, and management's response; and (c) any questions, comments, or suggestions the auditors may have relating to the internal controls, and accounting practices and procedures, of the Company or its subsidiaries.

6. Discuss, both internally and with the Company's independent auditors, any earnings information or any financial information or earnings guidance provided to analysts and rating agencies prior to the release of the information.

7. The Committee shall discuss certain matters required to be communicated to audit committees.

8. Periodically consider the requirements to and benefits to the Company of the rotation of the independent auditors' lead audit partner, reviewing audit partner and other audit partners, and consider the costs and benefits of switching to another firm of independent auditors.

9. Review analyses prepared by management and the independent auditors of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the selection, application, and disclosure of critical accounting policies and analyses of the effect of alternative financial and accounting assumptions, estimates, or methods on the Company's financial statements.

10. Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any actual or threatened in writing litigation that raise material issues regarding the Company's financial statements, accounting policies, or audit procedures.

**D. Review Procedures.** In carrying out its duties, the Audit Committee shall:

1. Review the Company's annual audited financial statements and related disclosure, including Management's Discussion and Analysis of Financial Condition and Results of Operations. This review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.

2. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements and related disclosure, including Management's Discussion and Analysis of Financial Condition and Results of Operations. The Committee shall discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors. The Committee Chairperson, or a Committee member designated by the Chairman, may represent the entire Committee for purposes of this review.

3. Review and approve all Company press releases containing financial information prior to issuance pursuant to the Company's press release approval matrix, as revised from time to time.

4. Review the integrity, adequacy, and effectiveness of the Company's financial reporting processes and accounting and financial controls. Discuss the critical accounting practices and policies with the management, the independent auditors, the internal auditors, and the Company's financial and accounting personnel. Elicit any

recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.

5. Review significant findings and analyses prepared by the independent auditors and the internal auditors, together with management's responses to those findings or analyses.

6. Review information related to the finances and operations of the Company with the Chief Financial Officer and the Internal Audit department in closed sessions on a regular basis.

7. Continue to maintain independent oversight of the Company's financial organisation by ensuring that the chief financial officer and internal Audit function both have dual reporting obligations, requiring them to provide information related to the finances and operations of the Company both to the chief executive officer and independently, directly to the Committee in closed sessions on a regular basis.

#### **E. Internal Audit Function and Risk Management.**

1. The Committee shall review the budget, internal audit plan, changes in the internal audit plan, and activities of the internal auditors, and assist in the coordination of such internal audit plans with the audit plans of the independent auditors.

2. The Committee shall review the qualifications, performance, and objectivity of the internal auditors and shall advise in the appointment or replacement of internal auditors.

3. The Committee shall review significant reports prepared by the internal auditors, together with management's response and follow-up to those reports.

4. The Committee shall discuss the policies with respect to risk assessment and risk management periodically with management, the internal auditors, and the independent auditors, as well as the Company's plans or processes to monitor, control, and minimise such risks and exposures.

5. The Committee shall, on at least an annual basis, review with the Company's counsel and the Governance and Nominating Committee of the Board of Directors, any legal matters that could have a significant impact on the organisation's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

**F. Compliance Reports.** The Committee shall obtain information from management, the Company's internal auditors, and the independent auditors that the Company and its foreign subsidiaries and affiliated entities are in conformity with applicable accounting and legal requirements and the Company's Code of Ethics.

**G. Internal Controls.** The Committee will review any disclosures by the Company's officers during their certification process for the annual report regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

**H. Related-Party Transactions.** The Committee shall conduct an appropriate review of all proposed related-party transactions. Management shall not cause the Company to

enter into any new related-party transaction unless the Committee approves that transaction.

**I. Reporting Matters.** The Committee shall establish regular reporting to the Committee by each of (a) management, (b) the independent auditors, and (c) the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

**J. Report for Inclusion in Filings.** The Committee shall prepare the annual Audit Committee Report to be included in the Company's annual report and/or proxy statement.

**K. Code of Ethics and Waivers.** The Committee shall approve and monitor the compliance with the Company's Code of Ethics, which covers the conduct and ethical behavior of directors, officers, and employees, and approve in advance any amendment to the Code of Ethics or waivers of compliance for directors, executive officers, and senior financial officers.

**L. Complaints.** The Committee shall establish procedures for:

1. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
2. the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

**M. Investigations.** The Committee shall investigate any matter brought to its attention within the scope of its duties. The Committee shall have the power to retain outside counsel or advisors for this purpose if, in its judgment, that is appropriate.

**N. Consultants and Advisors.** The Committee shall have the authority to retain and terminate any consultants, outside counsel, and other advisors as it deems appropriate to assist in carrying out its duties. The Committee shall have the sole authority to approve the fees and other retention terms of such consultants, counsels, or advisors.

**O. Access to Independent Auditors; Access to Management and Employees.** The Committee shall have full, unrestricted access to the independent auditors and to the Company's employees, internal auditors, and internal counsel as necessary to carry out its responsibilities.

**P. Annual Review.** The Committee is responsible for implementing the process for and annually conducting a self-evaluation of the Committee and its members, in accordance with the criteria established by the Governance and Nominating Committee. The Committee annually will review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval.



## THE ROTHERS GROUP COMPENSATION COMMITTEE CHARTER

### I. Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of The Rothers Group (the "Company") shall:

- A. discharge the responsibilities of the Board relating to the Company's overall compensation programmes;
- B. discharge the responsibilities of the Board relating to the compensation of the Company's Chief Executive Officer ("CEO") and other executive officers;
- C. administer the Company's stock option and other equity-based plans;
- D. provide advice regarding and review the Company's Compensation Analysis & Discussion ("CD&A") to be included in the Company's annual proxy statement and determine whether to recommend to the Board that the CD&A be included in the proxy statement; and
- E. provide a Compensation Committee Report for inclusion in the Company's proxy statement.

### II. Committee Composition; Membership; Meetings

The Committee will be comprised of three or more members of the Board, each of whom in the judgment of the Board qualifies as an "independent director", a "non-employee director", and an "outside director". The Chairperson and members of the Committee shall be appointed by the Board upon the recommendation of the Governance and Nominating Committee and may be removed by the Board at its discretion. The Committee shall meet at least four times annually. A special meeting may be called by the Chairperson or upon the request of any two members of the Committee. The Chairperson, in consultation with the Committee members and management (if appropriate), will set the agenda for each meeting and, when practicable, circulate it to each member of the Committee prior to the meeting date. Minutes of each Committee meeting or action will be kept and distributed to each member of the Committee and to the Company's Secretary. Preliminary drafts or information given consideration by the Committee (unless included in the final minutes) need not be distributed.

### III. Duties and Responsibilities

**General Functions.** In carrying out its purpose, the Committee will have the following duties and responsibilities:

1. Assure that the Company's compensation policies are designed to allow the Company to recruit and retain superior talent and to create a direct relationship between pay and benefit levels and performance.
2. Assure that the compensation payable to the Company's CEO and executive officers provides overall competitive pay and benefit levels, creates proper incentives to enhance the value of the Company, and rewards superior performance.
3. Make recommendations to the Board with respect to, and be responsible for the administration of, compensation arrangements of the Board and Board committee members.
4. Make recommendations to the Board with respect to, and be responsible for the

administration of, the Company's equity-based compensation plans.

5. Approve cash incentive compensation plans for the Company's executives and other employees.

6. Approve stock option grants and restrictive stock awards under the Company's equity-based compensation plans and delegate (as legally permissible) to a committee grants of such equity awards.

7. Review discussions of executive compensation to be included in the Company's periodic reports filed with the Securities and Exchange Commission.

**Specific Responsibilities.** The Committee shall have the sole responsibility for:

1. **Compensation Policies.** The Committee shall review, evaluate and make recommendations to the Board with respect to the Company's overall compensation policies.

2. **CEO Compensation and Goals.** The Committee annually shall consider and approve goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level (including, but not limited to, salary, long and short-term incentive plans, retirement plans, deferred compensation plans, equity award plans, change in control or other severance plans, as the Committee deems appropriate) based on this evaluation.

3. **Other Executive Officers.** The Committee annually shall consider and establish the remuneration arrangements for the other executive officers (including, but not limited to, salary, long and short term incentive plans, retirement plans, deferred compensation plans, equity award plans, change in control or other severance plans, as the Committee deems appropriate). The Committee shall consider and establish the goals and objectives relevant to each executive officer's annual performance plan, based on recommendations from the CEO. The Committee shall receive and review periodic reports from the CEO as to the performance as compared to the plan.

4. **Board Compensation.** The Committee shall evaluate and make recommendations to the Board concerning the compensation for Board and committee members, taking into consideration similar incentive awards at comparable companies.

5. **Compensation Plans.** The Committee shall make recommendations to the Board with respect to the Company's equity-based compensation plans and approve for submission to stockholders all new stock option and equity compensation plans, including amendments or supplements thereto. The Committee, or its designee (as legally permissible), shall act as administrator of such equity incentive plans. The Committee shall approve cash incentive compensation plans for the Company's executives and other employees.

6. **Option Grants and Stock Awards.** The Committee shall consider and make stock, stock option, or similar grants to key employees, officers, and consultants of the Company under the Company's equity incentive plans. The Committee shall make recommendations to the Board concerning stock option grants and stock awards to directors of the Company. The Committee shall consider and establish the number of shares to be covered by each stock award or option, whether the option will be an incentive stock option or a non-qualified stock option, the vesting schedules and the type of consideration to be paid to the Company upon exercise, and other terms, all of which shall be consistent with the terms and conditions of the relevant plan.

7. **Overall Review of Plans.** The Committee shall, except as otherwise determined by the Board or as otherwise set forth herein, review and approve all compensation plans of the Company in light of Company and plan objectives, needs, current benefit levels, and legal requirements.

8. **Annual Report and Proxy Statement.** The Committee will review the CD&A to be included in the proxy statement and recommend to the Board that the CD&A be included in the proxy statement and incorporated by reference into the annual report. The Committee shall produce and sign an annual report on executive compensation for inclusion in the Company's proxy statement.

9. **Succession Planning; Management Development.** The Committee shall review the CEO's annual report to the Board on succession planning and management development. The Committee shall monitor issues associated with executive officer succession and management development, and regularly report on these issues to the Board. As part of this responsibility, the Committee should monitor issues associated with preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of the senior management team, and identifying the CEO's and other executive officers' successors.

10. **Investigations.** The Committee shall investigate any matter brought to its attention within the scope of its duties. The Committee shall have the power to retain outside counsel or advisors for this purpose if, in its judgment, that is appropriate.

11. **Consultants and Advisors.** The Committee shall have the authority to retain compensation consultants, outside counsel, and other such advisors as it deems appropriate to assist in carrying out its duties. The Committee shall have the sole authority to approve the related fees, retention terms, and dismissal of such consultants, counsels, or advisors.

12. **Access to Management and Employees.** The Committee shall have full access to the Company's executives and personnel as necessary to carry out its responsibilities.

13. **Annual Review.** The Committee is responsible for implementing the process for and annually conducting a self- evaluation of the Committee and its members, in accordance with the criteria established by the Governance and Nominating Committee. The Committee annually will review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval.

## **THE ROTHERS GROUP EXECUTIVE COMMITTEE CHARTER**

### **Composition and Membership**

The Executive Committee (the "Committee") will be comprised of three or more members of the Board of Directors (the "Board"), and shall be appointed for such term or terms as the Board may determine and may be replaced by the Board, at its discretion. One of the Committee members shall be appointed Chairman of the Committee by the Board or, absent such appointment, by majority vote of the Committee members.

### **General Functions**

The Committee shall have and may exercise on behalf of the Board the following powers while the Board is not in session, subject, however, to other extensions of authority and limitations of authority specified by the Board from time to time:

- A. act in such areas as specifically designated and authorised at a preceding meeting of the Board, or
- B. act in areas requiring extraordinary or expeditious action when the entire Board cannot be convened.

The Committee may not undertake actions specifically reserved to the Board itself or any actions that are specifically prohibited from being delegated to a Board Committee by law or the Bylaws or in resolutions adopted by the Board as then in effect. The Committee may from time to time form and delegate authority to subcommittees, when appropriate. Actions of the Committee shall be immediately effective to the full extent authorised by the Board and the Bylaws of The Rother's Group (the "Company"), but nevertheless subject in all cases to the power of the Board as a whole to modify, terminate or accept or reject such Committee actions or to table recommendations or suggestions.

### **Procedures and Meetings**

The Committee shall meet as frequently as circumstances require. The Committee Chairman may prepare and/or approve an agenda in advance of a meeting and may circulate an agenda to each member prior to or at or after the meeting, as reasonably practicable. Every notice or facsimile or copy thereof that may be given by the Committee to its members or other Board members electronically, whether by telephone, email, telegram, fax, or otherwise, shall be deemed as effectively given as a written notice with an original signature.

A majority of the then-acting members of the Committee shall constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Chairman shall preside, when present, at all meetings of the Committee.

The Committee is empowered to adopt its own rules of procedure, which shall not be inconsistent with the Bylaws of the Company or resolutions of the Board. The President, the Chairman of the Board and the Chairman of any other committee of the Board, if not otherwise attending as a member of the Committee, may attend meetings of the

Committee, except for portions of the meetings where his or their presence as a non member would be inappropriate, as determined by the Committee Chairman, and non-members shall have no voting rights in such Committee meetings.

A Committee Secretary may be appointed by the Board or, absent such appointment, by the Committee, and such Committee Secretary may attend meetings of the Committee in the discretion of the Committee Chairman and may perform such administrative tasks on behalf of the Committee as may be delegated to such Committee Secretary by the Committee Chairman, including the development of Committee meeting agendas, preparation of Committee minutes and distribution of such minutes to the Committee and the Board. The Committee Secretary need not be a member of the Committee, and appointment to such post shall not serve to make the individual a member of the Committee, or grant a right to vote in Committee actions to the individual, or make the individual an executive officer of the Company. The post of Committee Secretary shall be a subordinate officer under the Bylaws.

The Committee may meet by telephone or video conference and may take action by unanimous written consent. On all procedural matters not specifically addressed in this Amended and Restated Charter, the provisions of the Bylaws of the Company relating to actions by the Board shall apply to the Committee.

#### **Communication with Management**

It shall be the responsibility of the Committee Chairman to keep the President and/or the Board informed promptly of the deliberations and conclusions of the Committee to the extent appropriate.

#### **Minutes and Reports**

Minutes of each Committee meeting shall be kept and, promptly after being finalized and executed by the Committee Chairman and Committee Secretary, distributed to each member of the Board and to the Corporate Secretary. This provision shall not require distribution of preliminary drafts or information given consideration by the Committee unless included in the final minutes. The Chairman of the Committee shall report at each meeting of the Board on any actions taken by the Committee subsequent to the most recent meeting of the Board and, if deemed necessary or advisable, to seek the approval and/or ratification of the full Board to such actions taken by the Committee.

## THE ROTHERS GROUP GOVERNANCE AND NOMINATING COMMITTEE CHARTER

The Governance and Nominating Committee (the "Committee") of the Board of Directors (the "Board") of The Rotherers Group (the "Company") shall:

- A. identify and recommend candidates for nomination to the Company's Board;
  - B. recommend the composition of the Board's committees;
  - C. develop, implement and review the Company's corporate governance policies;
- and
- D. oversee the evaluation of the Board and its committees.

### II. Committee Composition; Membership; Meetings

The Committee will be comprised of three or more members of the Board, each of whom in the judgment of the Board qualifies as an "independent director". The Chairperson and members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. The Committee shall meet at least four times annually. A special meeting may be called by the Chairperson or upon the request of any two members of the Committee. The Chairperson, in consultation with the Committee members and management (if appropriate), will set the agenda for each meeting and, when practicable, circulate it to each member of the Committee prior to the meeting date. Minutes of each Committee meeting or action will be kept and distributed to each member of the respective Committee and to the Company's Secretary. Preliminary drafts or information given consideration by the Committee (unless included in the final minutes) need not be distributed.

### III. Duties and Responsibilities

**A. Seeking Candidates; Search Consultants.** The Committee shall assist the Board in identifying and evaluating individuals qualified to become Board members, and recommend to the Board the candidates to be nominated for election at the annual meeting. The Committee shall require a background check of all nominees for director, including verification of professional experience and academic credentials, prior to recommendation to the Board. The Committee shall have the authority to retain and terminate any search consultants to be used, in the Committee's discretion, to identify, screen, or attract director candidates.

**B. Recommend Approval or Rejection of Candidates.** The Committee shall review, investigate, and recommend to the Board whether it should accept or reject for election as a director each potential nominee suggested by any stockholder of the Company.

**C. Composition of the Board.** The composition of the Board will depend not only on the character and capacities of the members on the Board taken individually, but also on their collective strengths. Consequently, the Board should be composed of, without limitation:

- 1. Directors chosen with a view to bringing to the Board a variety of experience and backgrounds;
- 2. Directors who will represent the balanced best interests of the stockholders

as a whole rather than special interest groups or constituencies; and

3. Normally, the Company's Chief Executive Officer.

**D. Selection Criteria.** In considering possible candidates for election as a director of the Company, the Committee and other directors should be guided in general by the composition guidelines established above and by, among other applicable guidelines, the following:

1. Each director should be chosen without regard to sex, race, age, religion, or national origin;
2. Each director should be an individual of the highest character and integrity and have an inquiring mind, vision, and the ability to work well with others;
3. Each director should be free of any conflict of interests that would violate applicable law or regulations or interfere with the proper performance of the responsibilities of a director;
4. Each director should possess substantial and significant experience that would be of particular importance to the Company in the performance of the duties of a director; and
5. Each director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director.

**E. Orientation and Education.** The Committee shall develop with management a program for orientation of new directors and providing for the continuing education of existing directors. The Committee shall monitor this program and update it as deemed appropriate.

**F. Continued Board and Committee Membership.** The Committee shall review the suitability of each director for continued service on the Board and each relevant committee thereof (a) annually and (b) at any time at which the director has a significant change in principal occupation or business association.

**G. Board Committee Qualifications and Assignments.** The Committee shall make recommendations to the Board as to qualifications of members of the Board's committees. The Committee shall recommend committee assignments for directors to the Board as openings occur on committees of the Board, or as rotations of committee assignments are deemed advisable by the Board upon recommendation from the Committee. The Committee shall recommend committee assignments in accordance with the membership requirements specified in the Charter of each committee, with due consideration of each committee's annual assessment of its composition, performance, and effectiveness, and with due consideration of whether each director recommended to be assigned to a committee is "independent" pursuant to applicable standards.

**H. Assess Performance.** The Committee annually shall facilitate a self-evaluation process for the Board and each Committee and report to the Board on the composition, performance, and effectiveness of the Board and each Board Committee to facilitate the directors' fulfillment of their responsibilities as directors in a manner that serves the interests of the stockholders of the Company.

**I. Corporate Governance Policies.** The Committee periodically shall reassess, and, in the Committee's discretion, recommend to the Board changes to, the Company's Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, Insider Trading Policy, and Code of Ethics, and any other present or future policies of the Company as they relate to corporate governance matters. The Committee may adopt any proposed changes to such policies or procedures on an interim basis as and when necessary to reflect immediate changes in applicable laws or rules, followed by recommending such interim changes to the Board for ratification and adoption as permanent policies.

**J. Policies on Conflicts of Interest.** The Committee shall evaluate and in its discretion may consent to, or recommend to the Board that it consent to, each planned change of principal occupation or business association of a director or any transaction or business arrangement that creates or appears to create a conflict of interest that is required to be pre- authorized or waived by the Company's Code of Ethics.

**K. Credential Verification.** The Committee shall review any material discrepancies that may be identified during any future credential verification process with respect to the Company's directors or executive officers, and shall recommend to the Board appropriate actions to be taken in connection with any material discrepancy, including without limitation financial penalties and/or termination of service.

**L. Consultants and Advisors.** The Committee shall have the authority to retain and terminate any consultants, outside counsel, and other advisors as it deems appropriate to assist in carrying out its duties. The Committee shall have the sole authority to approve the fees and other retention terms of such consultants, counsels or advisors.

**M. Access to Management and Employees.** The Committee shall have full access to the Company's executives and personnel as necessary to carry out its responsibilities.

**N. Annual Review.** The Committee is responsible for implementing the process for and annually conducting a self- evaluation of the Committee and its members. The Committee annually will review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval.