

## FERRO CORPORATION

### BOARD OF DIRECTORS

#### Corporate Governance Principles

##### **A. Purpose**

These Corporate Governance Principles are intended to assure that the Company's Director qualifications, Committee structure and overall Board process provide good corporate governance and independent oversight of the Company's management.

##### **B. Board Composition**

1. The Board believes that its responsibilities can best be met if it is comprised of men and women with a rich diversity of backgrounds, skills, training, and experiences who work together in a positive and collegial fashion and demonstrate the ability to act effectively on behalf of all of the Company's shareholders.
2. A substantial majority of the Board will at all times be "independent."
  - A. For purposes of these Principles, a Director will be deemed to be "independent" if he or she is a non-management Director who meets the criteria for independence contained in the listing standards of the New York Stock Exchange ("NYSE"), applicable regulations of the Securities and Exchange Commission, and the Board's "Guidelines for Determining Director Independence."
  - B. The Board will determine at least annually which Directors meet the criteria for independence and, when applicable, will assess whether new Director candidates meet the criteria for independence.
  - C. Any Director whose circumstances change in a way that could affect the Board's determination of independence is expected to notify the Chair of the Governance & Nomination Committee of such circumstances promptly.
3. Each Director's performance will be reviewed by the Governance & Nomination Committee in connection with any nomination for re-election.
4. When a Director's principal occupational or professional affiliation changes or any change in circumstances occurs that will or may create a conflict of interest or affect the Director's ability to serve the Company, the Director is expected to offer his or her written resignation to the Governance & Nomination Committee. That Committee will then assess the situation and make a recommendation to the Board as to whether the resignation should be accepted.
5. Before a Director accepts membership on the board of another company, he or she is expected to consult with the Governance & Nomination Committee to allow

that Committee to assess whether such membership would adversely affect his or her service on the Company's Board.

6. Except at the specific request otherwise of the Board, a Director is expected to retire from the Board at the annual meeting following his or her 70<sup>th</sup> birthday .
7. Any officer of the Company who serves as a Director is expected to retire or resign as a Director at the same time his or her employment by the Company terminates for any reason.

**C. Conduct of Board Business**

1. The authority of the Company is exercised under the direction of the Board, and the Board is responsible for selecting the time frame for the achievement of corporate goals.
2. Each Director is expected to act –
  - A. In good faith,
  - B. In a manner the Director believes to be in or not opposed to the best interests of the Company,
  - C. With the care that an ordinarily prudent person would use under similar circumstances, and
  - D. In compliance with the Confidentiality Policy set forth in these Corporate Governance Principles.
3. Although Directors are responsible for monitoring the performance of the Company's senior officers, Directors are entitled to rely on information prepared by officers and employees of the Company, other Directors and other agents of the Company.
4. The Board will determine whether the roles of Chief Executive Officer and Chairman of the Board should, at any given point in time, be held by one or two persons.
5. The Board normally will meet between four to six times each year or more frequently if required. Although Directors are urged to attend Board and assigned Committee meetings in person, attendance by telephone or other communications equipment is permitted if all persons participating in the meeting can hear each other.
6. The Chairman or Chief Executive Officer will be responsible for preparation of the agenda for Board meetings in consultation with the Lead Director. Each such agenda, however, will allow time for Directors to raise additional items for discussion, and any Director may request that an item be included in the upcoming or a future meeting agenda.

7. Board and Committee materials will be distributed to Directors sufficiently in advance of meetings to allow Directors to come to meetings fully prepared.
8. The non-management Directors will meet at executive sessions at least once each year (and if not all of the non-management Directors are independent, the independent Directors will meet at least once each year).
  - A. Executive sessions will be chaired by a lead Director. (The lead Directors will be the Committee Chairs, serving on a rotating basis.
  - B. Following each executive session, the non-management Directors will, at their discretion, share with the Chief Executive Officer any observations, comments and concerns.
9. The Company will maintain a website ([www.ferrodirectors.com](http://www.ferrodirectors.com)) that allows any shareholder or other interested party who wishes to communicate directly and confidentially with the lead Director or the non-management Directors as a group.
10. The Directors will have access to the Company's management as they deem necessary or appropriate and the Chairs of the Committees will meet periodically with members of senior management, but prior to making contact with such members of management, Directors are expected to inform and coordinate with the Chief Executive Officer with respect to such contact, unless such contact involves assessment of the Chief Executive Officer's performance or involves routine activities of the Committee on which such Director serves.
11. The Board will from time to time invite senior and other high potential managers to attend Board meetings as may be appropriate to make presentations and otherwise inform the Board about business issues.
12. The Board believes that, except as otherwise required by NYSE listing standards or law, that major corporate decisions should be made by the full Board. For example, the full Board will approve strategic plans and policies, including management succession plans, the selection of the Chief Executive Officer, the Company's long-term strategic plans and the Company's annual operating plans.
13. The Board will provide oversight of the Company's risk management through its review of risks associated with the Company's operations and strategic initiatives, both as a Board and, as appropriate, through Board Committees.
14. Each Director is expected to own common stock of the Company at levels set from time to time by the Compensation Committee.
15. The Board will determine, from time to time, the compensation of Directors upon recommendation of the Compensation Committee. In setting compensation for Directors and members of Board Committees, the Board will be mindful of the actual and relative time and attention required of individual Committees and their Chairs as well as the compensation programs of other public companies of similar size and complexity.

16. The Board will have authority to obtain, at the Company's expense and as it deems necessary and appropriate, advice and assistance from outside advisors.
17. The Board believes that management has principal responsibility to speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the prior knowledge of management and, in most instances, at the request of management. Accordingly, Board members are expected to promptly advise the Chief Executive Officer and Chairman of the Board if they are approached by shareholders or other constituencies regarding the Company. If a Board member receives a request for communication from a shareholder or from a representative of the media and is unable to reach the Chief Executive Officer or Chairman of the Board, he or she should contact the Company's General Counsel or a designee of the General Counsel before responding to any request regarding the Company.

#### **D. Board Committees**

1. Committees play a pivotal role in the overall functioning of the Board.
2. The Board has the following committees as required by the New York Stock Exchange: an Audit Committee, a Compensation Committee, and a Governance & Nomination Committee. The Company's Code of Regulations also contemplates the possibility of there being an Executive Committee. All Committees except the Executive Committee will be comprised solely of independent Directors.
3. After having received the recommendations of the Governance & Nomination Committee, the Board will determine annually the membership and Chairs of the Committees.
4. Membership on the various Committees will be rotated in such a way as to achieve appropriate balance between the need for continuity and the need for periodic introduction of fresh perspectives.
5. Each Committee will meet from time to time upon call of its Chair as he or she deems necessary, in consultation with the Chairman or the Chief Executive Officer, in order for the Committee to achieve its stated purpose. The Chair of each Committee will be responsible for meeting agendas. Any Committee member is free to suggest the inclusion of items to an agenda. Committees will have access to outside advisors and consultants to the extent they deem necessary and appropriate.
6. A majority of Committee members will constitute a quorum.
7. Committees will report directly to the Board and will submit minutes of their meetings to the Board.
8. Each of the Audit Committee, the Compensation Committee, and the Governance and Nomination Committee will have a charter, which the Committees and/or the

Board will review periodically. The Governance & Nomination Committee will review the charters periodically and make recommendations to the Board as to any changes thereto, after receiving input from the respective Committees. The Board will approve any amendments to the charters.

**E. Director Education, Self-Assessments, Succession Planning and Review of Guidelines**

1. The Board will conduct a self-assessment of its own and its Committees' performance annually.
2. Each Committee will conduct a self-assessment of its own performance annually.
3. The Company will provide orientation for new Directors and will make available to the Directors continuing education programs.
4. The Governance & Nomination Committee will be responsible for the succession plan for the office of the Chief Executive Officer but final approval of such plan and the selection of the Chief Executive Officer will be made by the Board.
5. The Governance & Nomination Committee will review these Principles periodically, and the full Board must approve any modification whether recommended by the Governance & Nomination Committee or otherwise.

**F. Confidentiality Policy**

1. Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board to disclose such information. Accordingly:
  - A. No Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company;
  - B. No Director shall discuss specific potential or actual Company business transactions with anyone, whether within or without the Company, who does not have direct involvement authorized by the Board or senior management with the transaction;
  - C. No Director shall discuss Confidential Information in public settings or other settings where inadvertent disclosure may occur;
  - D. No Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization from the Board and after consulting the Company's Law department or as may be otherwise required by law;

- E. Upon a Director's departure from the Company, the Director must return all originals and copies of documents or materials containing Confidential Information; and
  - F. If a Director discloses Confidential Information or learns that someone else has, whether intentionally or inadvertently, the Director must immediately report the disclosure to the Company's Law department.
2. "Confidential Information" is all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed, such as:
- A. Non-public information about the Company's financial condition, prospects or plans, leases, trade secrets, compensation and benefit information, marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock splits and divestitures;
  - B. Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and
  - C. Non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, executive officers and Directors.