



## Governance Guidelines

### **The Mission of the American Vanguard Board of Directors**

The Board of Directors of American Vanguard Corporation (the “Company” or “AVD”) represent the stockholders’ interest in perpetuating a successful business, including optimizing long-term financial returns. The Board’s responsibility is to meet all of its legal obligations, including monitoring the effectiveness of Management policies and decisions, and the execution of its strategies.

In addition to fulfilling its fiduciary obligations for increasing stockholder value, the Board has responsibility to the Company’s customers, employees, partners and the communities in which it operates. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

### **Guidelines on Significant Governance Issues**

#### ***Selection and Composition of the Board***

##### *(1) Board Membership Criteria*

The Board is responsible for selecting new Board members from candidates that exhibit a proven track record of relevant skills and characteristics in the context of the current makeup of the Board. The assessment would include a review of the candidate’s (a) understanding of the Company’s industry, (b) experience as a member of senior management in this industry or in a manufacturing industry, (c) experience as a member of the board of directors for a publicly-traded company, and (d) acumen and experience in strategic planning, corporate finance, regulatory compliance, technology and/or mergers and acquisitions – all in the context of the perceived needs of the Board at that point in time.

##### *(2) Service on Other Boards*

No director shall serve on more than three other for-profit boards while serving on the American Vanguard Board of Directors. Further, no director shall serve on the board of a company that competes with American Vanguard, unless he or she has obtained the consent of a majority of the other directors. See, also, paragraph 12 below.

##### *(3) Selection and Orientation of New Directors*

The Board itself should be responsible, in fact as well as procedure, for selecting its own members and in recommending them for election by the stockholders. The Board has delegated the screening process for candidates to the Nominating and Corporate Governance Committee.

##### *(4) Extending the Invitation to a Potential Director to Join the Board*

The invitation to join the Board should be extended by the Board through either the Chairman or a board member to whom the task has been delegated by the Chairman.

##### *(5) Continuing Education*

It is the responsibility of the Company’s Board members to keep current on matters affecting corporate governance and board responsibilities through both self-education and the attendance at seminars and courses offered through professional organizations and accredited institutions. The Nominating and Corporate Governance Committee will endeavor to identify relevant educational opportunities.

### **Board Leadership**

##### *(6) Selection of Chairman and Chief Executive Officer/Lead Director*

The Board should be free to make this choice in any way that seems best for the Company at a given point in time. The Board does not have a policy on whether or not the role of the Chief Executive Officer and Chairman should be separate or combined. However, in the event that the role of CEO and Chairman are combined, the Board shall appoint one non-management director to serve as lead director. The lead director shall serve as chair of non-



management executive sessions of the Board, shall set the agenda for such sessions, shall work with the Chairman to set the agenda for regular meetings of the Board, and shall be permitted to attend quarterly meetings of senior management.

#### ***Board Composition and Performance***

##### *(7) Size of the Board and Election of Directors*

In accordance with, and subject to, the Company's bylaws, the Board will be comprised of no fewer than three (3) and no more than nine (9) directors.

##### *(8) Mix of Inside and Independent Directors*

The Board believes that, as a matter of policy (and listing compliance), there should be a majority of independent Directors on the Board. The Board is willing to have members of management as Directors; however, the Board believes that management should encourage senior managers to understand that Board membership is neither necessary nor a prerequisite to any higher management position within the Company.

##### *(9) Board Independence*

The Board believes that, as a matter of policy, a significant majority of its members should be independent (non-employee and non-consultant) Directors, who:

- a) have not close family or similar relationship with a key member of management;
- b) are not significant advisors or consultants to the Company;
- c) do not have (and their companies do not have) significant contracts with the Company or its subsidiaries; and
- d) do not have any other relationship with the Company or its subsidiaries which, in the opinion of the Board, would adversely affect a Director's ability to exercise independent judgment as a Director.

To help maintain the independence of the Board, the Company will not retain a Director or a Director's firm to provide significant professional or financial services to the Company outside of the ordinary course of business, except in exceptional circumstances and only upon the recommendation of Management and with the consent of a majority of the independent Directors of the Board. Each Director is expected to disclose any circumstances material to the Director that might be perceived as a conflict of interest and recuse himself or herself from Board discussions regarding such topics.

##### *(10) Term Limits/Retirement*

The Board believes that the value of any given Director to the Board is largely dependent upon the strengths possessed by that individual and the Company's needs. These factors are not necessarily time-dependent. Accordingly, the Board does not have a policy of recommending specific term limits for its Directors, but believes that it should thoroughly evaluate candidates for re-election in light of these considerations. No member shall serve on the Board after he or she has turned 75 years of age; provided, however, that a member may serve beyond this mandatory retirement age with the consent of a majority of the other directors.

##### *(11) Indictments, Criminal Proceedings and Civil Proceedings*

It is the sense of the Board that an indictment, a pending criminal proceeding or a significant civil proceeding against a Director may distract or otherwise impair a Director's ability to perform his or her duties. Accordingly, Directors are required to report to the Company's General Counsel any indictment, pending criminal proceeding or significant civil proceeding promptly after it arises. In such event, the Board may ask the Director to resign or temporarily step down.

##### *(12) Conflicts of Interest, Competition and Independence*

Independent Directors should report any conflicts of interest to the Board and should refrain from competing with the Company. It is the sense of the Board that Independent Directors who materially compete with the Company should submit a letter of resignation to the Board. Independent Directors should be independent in making their informed business decisions.



*(13) Board Compensation Review*

It is appropriate for the Nominating and Corporate Governance Committee and the Compensation Committee to report biannually to the Board on the status of Board compensation in relation to other comparable U.S. companies. As part of a Director's total compensation and to create a direct link with corporate performance, the Board believes that a meaningful portion of a Director's compensation should come in the form of equity. Changes in board compensation, if any, should come at the suggestion of both the Nominating and Corporate Governance Committee and Compensation Committee, but with full discussion and concurrence by the Board.

*(14) Annual Self-Evaluation*

In order ensure that the Board is operating efficiently and fulfilling its duties properly, the Board and its committees under the guidance of counsel shall conduct self-evaluations annually. The results of those evaluations shall be reported to the Board for consideration of improvements to processes or otherwise.

*(15) Director Education*

At least biannually, each member of the Board should attend one course of study or program relating to his or her duties as a board member of a public company. The Company will bear responsibility for payment of tuition and travel expenses incurred in connection with such education.

*(16) Executive Sessions of Independent Directors*

In conjunction with each regular meeting of the Board, non-management Directors will meet in Executive Session, which sessions will be chaired by the lead director. The format of these meetings will include a discussion with the Chief Executive Officer on each occasion.

*(17) Board's Interaction with Investors, Press, Customers*

The Board believes that management speaks for the Company. Individual Board members may, from time to time at the request of management, meet or otherwise communicate with various constituencies of the Company. If comments from the Board are appropriate, they should, in most cases, come from the Chairman.

*(18) Regular Attendance at Board Meetings*

The Board expects regular attendance by Directors at each Board meeting. Attendance of less than 75% of the Board meetings by any Director will be reviewed by the Board. Personal attendance is required, if possible, unless a special circumstance exists, such as a special meeting, in which case telephonic attendance is acceptable.

**Board Relationship to Senior Management**

*(19) Board Access to Senior Management*

Board members have complete access to Company management. It is assumed that Board members will use their judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, will be copied to the Chief Executive Officer. Procedural matters should be directed to the General Counsel's Office. Furthermore, the Board encourages management to, from time to time, bring managers into Board meetings who (a) can provide insight into the items being discussed because of personal involvement in these areas and/or (b) represent managers with future potential that the senior management believes should be given exposure to the Board.

**Meeting Procedures**

*(20) Meetings and Agenda Items for Meetings*

It is the sense of the Board that in-person meetings are the best medium for conducting the business of the Board. Accordingly, the Board shall only conduct conference call meetings if the circumstances so warrant. The Chairman, working in collaboration with the lead director, will establish the agenda for each Board meeting.



*(21) Board Materials Distributed in Advance*

It is the sense of the Board that information and data that are important to the Board's understanding of the business be distributed to the Board before the Board meets. Management will make every attempt to see that this material is as brief as possible while still providing the desired information.

**Committee Matters**

*(22) Number; Structure and Independence of Committees*

It is the view of the Board that the current Committee structure (Compensation, Audit, Nominating & Corporate Governance, Finance and Risk) is appropriate. From time to time there will be occasions when the Board may want to form a new committee or a special committee, or disband a current committee, depending upon the circumstances. The Board believes that committee assignments should be made on an equitable basis, so that no member bears a disproportionate responsibility for committee work.

*(23) Rotation of Committee Members*

It is the sense of the Board that consideration should be given to rotating Committee members periodically, but the Board does not feel that such a rotation should be mandated as a policy, since there may be reasons (e.g., independence or financial expertise) to maintain an individual Director's committee membership for a longer period.

*(24) Frequency and Length of Committee Meetings*

The Committee Chairman, in consultation with Committee members, will determine the frequency and length of meetings of the Committee.

*(25) Committee Agenda and Reports*

The Chairman of the Committee, in consultation with management and staff, will assist in developing the Committee's agenda. Further, the Committee Chairman shall report to the full Board the Committee's activities following each Committee meeting.

**Leadership Development**

*(26) Formal Evaluation of the Chief Executive Officer*

The full Board should formally evaluate the Chief Executive Officer annually, and the results of such evaluation should be communicated to the Chief Executive Officer by the Chairman of the Compensation Committee. The evaluation should be based on objective criteria, including the CEO's SMART goals, stockholder value and performance of the business, accomplishment of short- and long-term strategic objectives, development of management, and the like. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

*(27) Succession Planning and Management Development*

There should be an annual report by the Chief Executive Officer to the Board on each of succession planning and management development. There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to a successor, should he or she become unexpectedly disabled.

**Stock Ownership and Anti-Hedging**

*(28) Director Stock Holding Requirements*

Commencing on the date of his or her election and over the course of the five year period thereafter, each director must accumulate and hold three times his or her annual cash compensation (from director services rendered to the Company) in common stock of the Company.



(29) No director may engage in short sales of the Company's stock nor enter into any hedging contract (e.g., zero collar contract or forward sales contract) with stock of the Company.

***Confidentiality***

(30) In order to carry out its duties, it is imperative that members of the Board be able to operate in an environment of confidence and candor. Further, the Board has regular access to extremely sensitive business information as well as material nonpublic information. In order to maintain an environment of confidence and to remain in compliance with applicable disclosure laws, members of the Board are required to safeguard confidential company information and not to disclose any such information to third parties, unless either (i) that information has been disclosed publicly, (ii) the Board and management have consented to such disclosure, or (iii) they are compelled to do so by judicial or administrative process (in which case, they agree to notify management promptly of any such request or demand for confidential information and to cooperate with management and its counsel in responding thereto).