

**Agilysys, Inc.**  
**Board of Directors**  
**Corporate Governance Guidelines**

**OVERVIEW**

Agilysys, Inc.’s Board of Directors believes that good corporate governance guidelines provide a sound framework to assist the Board in fulfilling its responsibilities to shareholders.

Accordingly, the Board has adopted these principles relating to its role, composition, structure and functions. The Board periodically reviews these principles and other aspects of corporate governance.

**PHILOSOPHY AND FUNCTIONS OF THE BOARD**

The role of the Board is to represent and protect the interests of the Company’s shareholders. The Company’s business is conducted by its officers, managers and employees under the direction of the Chief Executive Officer and with oversight by the Board to enhance the long-term value of the Company for its shareholders. The Board exercises its oversight function by electing qualified and competent executive officers and by monitoring the performance of the Company. The Board reviews reports by management and qualified third parties on the performance of the Company and the Company’s strategies, goals, financial objectives and practices, and issues and risks facing the Company, and the Board advises senior management regarding all of these issues.

**Responsibilities**

The Board exercises its oversight function through the following specific activities:

- Through the Compensation Committee, the Board sets compensation for the Chief Executive Officer and for the other executive officers, evaluates the performance of the Chief Executive Officer, and plans for succession for executive officers of the Company.
- Through the Nominating and Corporate Governance Committee, the Board identifies qualified individuals for election to the Board, oversees the Company’s governance programs and policies, and oversees Board development and evaluation programs.
- Through the Audit Committee, the Board oversees the financial accounting, financial reporting, and internal controls of the Company and is responsible for the oversight of the Company’s independent auditor and the Company’s development, implementation, and monitoring of a code of business conduct.
- The Board safeguards the corporate assets and encourages the long-term success of the Company by exercising informed, sound and independent business judgment with respect to significant strategic and operational issues, including major capital expenditures,

acquisitions and divestitures, financing and capitalization activities, enterprise risk management and the election of officers.

- The Board oversees the Company's compliance with the laws and regulations applicable to the Company and its responsibilities to its shareholders, employees, customers, suppliers and society.

### **Composition of The Board**

It is the policy of the Company that the Board should consist of a substantial majority of independent directors. Under normal circumstances, the size of the Board should be no less than three members and no more than nine members. The Nominating and Corporate Governance Committee considers and recommends candidates for nomination to the Board, and to fill any vacancies on the Board. The Board should have a "balanced" membership, with diverse representation of relevant areas of experience, expertise, and backgrounds.

### **Qualifications of Members**

To be considered for membership on the Board, a candidate must meet, at a minimum, the following criteria:

- Be of proven integrity with a record of substantial achievement.
- Has demonstrated ability and sound business judgment based on broad experience.
- Be able and willing to devote the required amount of time to the Company's affairs, including attendance at board and committee meetings.
- Be analytical and constructive in the objective appraisal of management's plans and programs.
- Be committed to maximizing shareholder value and building a sound Company, long-term.
- Be able to develop a professional working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- Be able to exercise independent and objective judgment and be free of any conflicts of interest with the Company.
- Be able to maintain the highest level of confidentiality.

Subject to the terms of employment or other written agreements between the Company and any Director, Directors will offer their resignation to the Chairman of the Nominating and Corporate Governance Committee in the event of any significant change in their personal circumstances

which adversely affects the ability of the Director to fulfill his/her duties as a Director of the Company, or a change in their business or professional affiliation or responsibilities. In such cases, the Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, will determine whether the Director continues to meet the requirements for service on the Board of Directors and whether to accept the resignation.

### **Chairman of the Board**

It is the policy of the Company that the positions of Chairman of the Board and Chief Executive Officer be held by different individuals, except as otherwise determined by the Board.

### **Assessment of The Board**

On a biennial basis, the Board will evaluate its effectiveness as a body and the effectiveness of each Board committee and of each Director and take any necessary steps to improve its collective capacity to represent the shareholders in overseeing and guiding the Company. The goal is to gain the value of the Board's collective wisdom through open, direct and candid dialogue. The Nominating and Corporate Governance Committee is responsible for overseeing these evaluations.

### **Committees of the Board**

It is the Board's philosophy that matters of significance should be considered and, where appropriate, acted on by the full Board. As a consequence, the structure and authority of each committee is limited to that considered by the Board to be basic to or required for the operation of the Company or required by federal rules and regulations or regulatory agencies.

- The Board's committees will function to identify and focus on issues for discussion by the full Board, except to the extent that federal or regulatory agency rules or regulations require a particular function to be conducted by a specific committee.
- The composition of the Board's committees will be approved by the full Board.
- Committee assignments should reflect the expertise and interests of Board members, with the goal being to ensure that committee members have the requisite background and expertise to participate fully on the committees on which they serve.
- Currently the Board has the following committees: Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are made up exclusively of independent directors. From time to time, the Board may appoint an Executive Committee or a Special Committee.

### **Other Board Service**

The Board recognizes that individuals should limit the number of boards on which they serve so that they can give proper attention to each board responsibility. In the event that a Director wishes to join the board of another company, the Director will advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee of his or her intention. Directors who hold an executive management position within a company are prohibited from serving on more than two additional public company boards. All other Directors are prohibited from serving on more than four additional public company boards. Directors will refrain from serving as a director, officer, employee or consultant with any competitive business during service with the Company and for two years after service with the Company ends.

### **Compensation of Directors**

The Compensation Committee will regularly review the compensation that is provided to the Directors and make recommendations to the Board regarding any appropriate modifications. Such compensation should remunerate the Directors fairly for their service to the Board and support the Company's goal of attracting and retaining the most qualified persons to the Board. Directors' compensation should include stock-based components to align the interests of the Directors with those of the shareholders of the Company. The Board has determined that the Company's compensation goals are met by a compensation package that includes retainer arrangements and equity awards, and may include deferred compensation opportunities. A Director who is an employee of the Company does not receive any additional compensation for his or her service as a Director.

### **Stock Ownership Guidelines**

Directors are expected to acquire and maintain minimum ownership in the Company's stock of either three (3) times their annual retainer or 15,000 shares within 2 years of their appointment or election to the Board, and are expected to acquire and maintain minimum ownership in the Company's stock of either six (6) times their annual retainer or 45,000 shares of stock within 4 years of their appointment or election to the Board.

### **Chairmanship of Meetings**

In the absence of the appointed Chairman, provided a quorum exists, the remaining Directors present at a duly called meeting will appoint a meeting chairman by simple majority vote.

### **Meeting Agenda**

The Chief Executive Officer, in consultation with the Chairman, will plan the annual board calendar and prepare the agenda for Board meetings. Any member of the Board may request on a timely basis that an item be included on the agenda.

### **Board and Committee Materials**

Information and data that is important to the business to be considered at Board or committee meetings shall be distributed in advance of the meeting, to the extent possible. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance. Board and committee members are expected to review all materials received in advance of the applicable meeting. In the event of a pressing need for the Board or a committee to meet on short notice with no advance distribution of materials, sufficient time for discussion will be allocated to allow the Board or committee to become adequately informed on the issue at hand.

### **Board Development**

The Board and the Company provide an orientation, including materials, to new Directors regarding the Company's history, corporate structure and organization, strategic initiatives, strategic plan, governance policies and Code of Business Conduct. In addition, on an ongoing basis, Directors have the opportunity to participate in continuing educational opportunities. The Nominating and Corporate Governance Committee is responsible for overseeing Board development programs.

### **Ethics and Code of Business Conduct**

The Board expects its Directors, as well as the Company's officers and employees, to act ethically at all times and to acknowledge their adherence to the Company's Code of Business Conduct and the business ethics policies. Any waiver of the Code of Business Conduct or any business ethics policy for any Director or executive officer must be approved by the Board on a case by case basis. Such waiver shall be granted only in extraordinary circumstances, and only to the extent that the Board determines that waiver is not reasonably expected to cause adverse consequences to the Company or its shareholders. If a waiver is granted, the Company shall make all required filings and disclosures of such waiver.

### **Executive Sessions**

The independent Directors of the Board will meet in regularly scheduled executive sessions, which will be led by the Chairman of the Board. If the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the executive sessions will be led on a rotating basis by the chairmen of the Audit, Compensation and Nominating and Corporate Governance Committees, who will serve as the Presiding Director for such executive sessions.

### **Board Access to Management and Independent Advisors**

Members of the Board have unrestricted access to the management of the Company, and the Board and its committees have the authority to retain such outside advisors as they deem appropriate to assist in the performance of their functions.

### **Transactions with Directors**

It is the policy of the Board that related person transactions be properly reviewed and approved or ratified by the Audit Committee to ensure the Company's compliance with federal and regulatory agency requirements. Related person transactions include any financial transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, with the Company in which any director, executive officer or other related person has a direct or indirect material interest, with limited exceptions. Each member of the Board shall adhere to the Company's policies and procedures that cover the scope of related person transactions, the process for reporting such transactions to the Company and the review process for reported transactions.

### **Director Resignation Policy for Uncontested Elections**

If, in an Uncontested Election, a nominee is an incumbent Director and the number of votes "against" the incumbent Director exceeds the number of votes "for" the incumbent Director, then the incumbent Director shall be considered a "Holdover Director." A Holdover Director shall, promptly following certification of the results of the election, submit to the Chair of the Nominating and Corporate Governance Committee a written offer to resign as a Director. The Nominating and Corporate Governance Committee shall consider the resignation and make a recommendation to the Board whether to accept or reject it. Within 90 days following certification of the results of the election, the Board will act on the Nominating and Corporate Governance Committee's recommendation and, if the Board determines to retain the Holdover Director, disclose to the Company's shareholders the reasons for its decision. The Holdover Director shall not participate in any discussion or decision regarding the resignation offer but shall have all other rights and obligations of a Director. If the Board rejects the resignation offer, such Holdover Director shall be a full director with all of the rights and obligations of a Director. For purposes of this paragraph, an "Uncontested Election" shall mean an election in which the number of nominees for election to the Board is less than or equal to the number of directorships to be filled in such election."

### **Review and Disclosure**

The Nominating and Corporate Governance Committee will review these Corporate Governance Guidelines from time to time and will make recommendations of changes for the Board to consider. These Corporate Governance Guidelines will be made available on the Company's website.

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