

# **LAKELAND CORPORATION BOARD OF DIRECTORS GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES**

## **A. BOARD COMPOSITION**

### **Separation of the positions of Chairman and CEO**

The Board's general policy, based on experience, is that the positions of Chairman of the Board and Chief Executive Officer should be held by separate persons as an aid in the Board's oversight of Management.

### **Size of the Board**

The Board has 5 members in accordance with the Corporation's Bylaws, and periodically reviews the appropriate size of the Board.

### **Mix of Inside and Independent Directors**

The Board believes that there should be a majority of independent Directors on the Board and that no more than two Management executives serve on the Board at the same time. The Board also believes that it is useful and appropriate to have members of Management attend Board Meetings.

### **Board Definition of What Constitutes Independence for non-employee Directors**

Lakeland defines an "independent" director in accordance with the Nasdaq National Market Issuer requirements for independent directors (Nasdaq Stock Market Rule 4200). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible to affirmatively determine that each independent Director has no other material relationship with the Corporation or its affiliates or any executive officer of the Corporation or his or her affiliates. A relationship will be considered "material" if in the judgment of the Board it would interfere with the Director's independent judgment.

### **Board Membership Criteria**

The Nominating and Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues such as age; understanding of and experience in manufacturing, technology, finance and marketing; international experience; and culture. These factors, and others as considered useful by the Board, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time.

Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings. Each Board member is expected to ensure that other existing and

planned future commitments do not materially interfere with the member's service as an outstanding director. These other commitments will be considered by the Nominating and Governance Committee and the Board when reviewing Board candidates and in connection with the Board's annual self-assessment process.

#### Selection of New Director Candidates

The Board should be responsible for selecting its own members. The Board delegates the screening process involved to the Nominating and Governance Committee, with the expectation that other members of the Board, and of Management, will be requested to take part in the process as appropriate.

#### Directors Who Retire or Change Their Present Job Responsibility

The Board does not believe that directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating and Governance Committee, to review the continued appropriateness of Board membership under these circumstances.

#### Term Limits

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Corporation and its operations and therefore provide an increasing contribution to the Board as a whole.

#### Director and Officer Retirement Policy

The Board has adopted a retirement policy for officers and directors. Under the policy, independent Directors may not stand for reelection after age 72, and inside Directors, other than current or former Chief Executive Officers, may not stand for reelection after age 65. The Chief Executive Officer may continue as CEO no later than age 67, but may continue to be employed by the Corporation in another capacity beyond that time, including until age 72 in the capacity of Chairman of the Board as a Corporate Officer and may continue to serve as a Director, including as Chairman of the Board. Other Corporate Officers may continue to serve as Corporate Officers no later than age 65.

#### Board Compensation

It is the general policy of the Board that Board compensation should be either a mix of cash and equity-based compensation or solely equity-based compensation. Inside Directors will not be paid for Board membership in addition to their regular employee compensation. Independent Directors may receive consulting, advisory or other compensatory fees from the Corporation in addition to their Board compensation but such fees are not to exceed \$60,000 annually. To the extent

practicable, Independent Directors who are affiliated with the Corporation's service providers will undertake to ensure that their compensation from such providers does not include amounts connected to payments by the Corporation.

The staff of the Corporation may report from time to time to the Compensation Committee on the status of Board compensation in relation to other representative U.S. companies.

## **B. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The primary responsibilities of the Board of Directors are oversight, counseling and direction to the management of the Corporation in the interest and for the benefit of the Corporation's stockholders. The Board's detailed responsibilities include:

- (a) Selecting and regularly evaluating the performance of the Chief Executive Officer and other senior executives;
- (b) Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other senior executives;
- (c) Reviewing and, where appropriate, approving the Corporation's major financial objectives, strategic and operating plans and actions;
- (d) Overseeing the conduct of the Corporation's business to evaluate whether the business is being properly managed; and
- (e) Overseeing the processes for maintaining the integrity of the Corporation with regards to its financial statements and other public disclosures, and compliance with law and ethics.

The Board of Directors has delegated to the Chief Executive Officer, working with the other executive officers of the Corporation, the authority and responsibility for managing the business of the Corporation in a manner consistent with the standards and practices of the Corporation, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and Management are responsible to seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Corporation.

### **Corporate Business Principles**

Members of the Board of Directors shall act at all times in accordance with the requirements of the Corporation's Code of Ethics, which shall be applicable to each Director in connection with his or her activities relating to the Corporation. This obligation shall at all times include, without limitation, adherence to the Corporation's policies with respect to conflicts of interest, confidentiality, protection of the Corporation's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Corporate Code of Ethics with respect to any individual Director shall be reported to, and be subject to the approval of, the Board of Directors.

## C. BOARD MEETINGS AND MATERIALS

### Scheduling and Selection of Agenda Items for Board Meetings

Board meetings are scheduled in advance typically every third month for a half day. In addition to regularly scheduled meetings, additional Board meetings may be called upon appropriate notice at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent.

Typically, the meetings are held at the Corporation's headquarters in Ronkonkoma, NY, but occasionally a meeting is held at another Lakeland facility or other location.

The Chairman of the Board and the Corporate Secretary, in consultation with the other members of the Board, draft the agenda for each meeting and distribute it in advance to the Board. Each Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Corporation's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The annual cycle of agenda items for Board meetings is expected to change on a periodic basis to reflect Board requests, changing business and legal issues, the work done by the Board Committees and other appropriate reasons. It is expected that the Board will have regularly-scheduled presentations from Finance and the major business segments and operations of the Corporation. The Board's annual agenda will include the long-term strategic plan for the Corporation and the principal issues that the Corporation expects to face in the future.

### Board Material Distributed in Advance

Information that is important to the Board's understanding of the business and its meeting agenda items should be distributed in writing to the Board before the Board meets. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.

As a general rule, materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

### Access to Employees and Board Presentations

The Board has complete access to contact and meet with any Lakeland employee. Board members are encouraged, when traveling, to make arrangements in advance to visit Lakeland sites and meet with local management on a world-wide basis. The Corporate Secretary shall, whenever requested, assist in arranging and facilitating such meetings and site visits.

The Board encourages Management to schedule managers to present at Board Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in

these areas, or (b) have future potential that Management believes should be given exposure to the Board.

#### Independent Directors' Discussions

The Board's policy is to have a separate meeting time for the independent directors regularly scheduled at least once a year during the regularly scheduled Board Meetings. The Lead Independent Director (or Chairman of the Board, if independent) will assume the responsibility of chairing the meetings of independent directors and shall bear such further responsibilities which the independent directors as a whole might designate from time to time.

#### Director Orientation and Continuing Education

The Chief Executive Officer in conjunction with Management is responsible for new-Director orientation programs and for Director continuing education programs. The orientation programs are designed to familiarize new Directors with the Company's businesses, strategies and challenges and to assist new Directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs.

### D. BOARD COMMITTEES

#### Number of Committees

The current three Committees are Audit, Compensation, and Nominating and Governance. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances. The Audit, Compensation, and the Nominating and Governance Committees shall be composed entirely of independent Directors.

Each Committee will have a written charter, approved by the Board, which describes the Committee's general authority and responsibilities. Each Committee will undertake an annual review of its charter, and will work with the Nominating and Governance Committee and the Board to make such revisions as are considered appropriate.

Each Committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the Committee in its work.

Each Committee will regularly report to the Board concerning the Committee's activities.

The Audit Committee is responsible for the hiring, oversight and compensation of the independent certified public accountants that audit the Corporation's financial statements, and for monitoring the effectiveness of the Corporation's internal financial and accounting organization and controls and financial reporting.

The Compensation Committee reviews and determines salaries and other matters relating to compensation of the executive officers of the Corporation, and administers the Corporation's stock incentive plans, including the review and granting of stock incentives to eligible employees under the Corporation's existing stock incentive plans.

The Nominating and Governance Committee reviews and reports to the Board on matters of corporate governance (that is, the relationships of the Board, the Stockholders and Management in determining the direction and performance of the Corporation) and reviews and addresses these Guidelines and recommends revisions as appropriate. The Committee reviews all proposals submitted by stockholders for action at the Annual Stockholders' Meeting, and recommends action by the Board with regards to each such proposal. The Committee makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process, recommends candidates for election to the Board and nominates employees for election as Corporate Officers by the Board.

#### Assignment and Term of Service of Committee Members

The Board is responsible for the appointment of Committee Members and Committee Chairmen. Committee assignments are reviewed annually and it is expected that Committee assignments, if possible, will rotate from time to time among the Board members. It is also expected that each Committee Chairman will have had previous service on the applicable Committee.

#### Frequency and Length of Committee Meetings and Committee Agenda

The Committee Chairman, in consultation with the Chairman of the Board and appropriate members of Management, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees will be shared with the full Board, and other Board members are welcome to attend Committee meetings.

#### Interested Party Communications with Directors

Stockholders and other interested parties may contact any member (or all members) of the Board by mail. To communicate with the Board, any individual director or any group or committee of directors, correspondence should be addressed to the Board or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent to c/o Corporate Secretary, at the address of the executive offices of the Corporation.

All communications received as set forth in the preceding paragraph shall be opened by the office of the Corporate Secretary for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the Corporate Secretary's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope is addressed.