



## **CORPORATE GOVERNANCE GUIDELINES**

*Last revised May 2018*

The Board of Directors (the “**Board**”) of Rowan Companies plc (the “**Company**”) has adopted these Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities under the requirements of the New York Stock Exchange (the “**NYSE**”) and applicable law. The Company is committed to maintaining effective corporate governance practices for the ongoing benefit of its shareholders.

### **Role of Board and Management**

The Company’s business is conducted by its employees, managers and officers under the direction of the Company’s Chief Executive Officer (“**CEO**”). The role of the Board is to oversee and monitor the Company’s management in the interest and for the benefit of the Company’s shareholders. The directors are elected annually by the shareholders and the executive officers, including the CEO, are appointed by the Board.

### **Director Qualification Standards and Independence**

At least a majority of the Board shall be independent directors within the meaning of applicable NYSE requirements, and free from any relationship that in the determination of the Board would materially interfere with the exercise of independent judgment as a director of the Company. A director must provide the Nominating and Corporate Governance Committee with notice prior to accepting a position on an additional publicly traded company board or an assignment to the audit committee or compensation committee of any publicly traded company board. The number of other public company boards and committees on which a director may serve shall be subject to a case-by-case review by the Nominating and Corporate Governance Committee in order to ensure that each director is able to devote sufficient time to perform his or her duties as a director and to ensure compliance with applicable law. However, no director may sit on more than five public company boards, including public companies listed on exchanges outside the U.S. The Chief Executive Officer may serve on no more than two additional public company boards. In addition, directors are strongly encouraged to advise the Nominating and Corporate Governance Committee in advance of accepting any other private or not-for-profit company directorship or significant committee assignment. No director shall serve as a director, officer or employee of a competitor of the Company without approval of the Nominating and Corporate Governance Committee.

All members of the Compensation Committee, the Nominating and Corporate Governance Committee and the Audit Committee shall be independent directors within the meaning of applicable NYSE and U.S. Securities and Exchange Commission committee requirements. A member of the Audit Committee shall not serve on more than three audit committees of publicly traded companies unless the Board determines that such simultaneous service does not impair the ability of the director to serve on the Company’s Audit Committee, which determination of the Board shall be disclosed in the Company’s annual proxy statement or on the Company’s website. All members of the Compensation Committee shall satisfy the qualification standards of section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, and Section 16 of the Securities Exchange Act of 1934.

The Board shall be informed annually of all substantial charitable contributions made by the Company to an organization with which a director is affiliated and of the entry into consulting contracts with or the grant of other indirect forms of compensation to a director or an organization with which the director is affiliated

which may affect the independence of a director.

## **Director Responsibilities**

The Board is subject to the following duties as prescribed by the UK Companies Act 2006 and which are based on certain common law and equitable principles under English law:

1. *Duty to promote the success of the Company for the benefit of its shareholders as a whole.*

The Board has a primary responsibility to provide effective governance over the Company's affairs in the way the Board considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. In discharging that obligation, directors may rely in good faith on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

2. *Duty to act in accordance with the Company's constitution and exercise powers only for the purposes for which they are conferred.*

The Board shall act in accordance with the articles of association, and with any resolution or decision arrived at under such articles of association.

3. *Duty to exercise independent judgment.*

The directors shall exercise their powers independently and avoid subordinating them to the will of others. In most cases, this duty does not prevent the director from relying on the advice of professionals and others when it is reasonable to do so.

4. *Duty to exercise reasonable care, skill and diligence.*

A director shall exercise the care, skill and diligence that would be exercised by a reasonably diligent person.

Directors are expected to devote as much time as necessary to discharge their responsibilities as directors of the Company and the committees on which they serve on a deliberate and fully-informed basis. Directors shall review in advance the information furnished to them prior to meetings and maintain confidentiality of all Board discussions and materials. Directors are expected to be present at annual meetings of shareholders, absent exigent circumstances that prevent their attendance. The Company may arrange for directors to attend an annual meeting by telephonic or video conferencing where directors can participate with all others present at the meeting.

5. *Duty not to accept benefits from third parties.*

Directors must not accept a benefit from a third party conferred by reason of being a director or doing or not doing anything as a director of the Company.

## **Risk Oversight**

The Board of Directors will periodically review and consider its role in the risk oversight of the Company, including how the Board administers its oversight function and the effects on the Board's leadership structure. The Board will consider risks relating to operational, financial, environmental, compensation, health and safety matters as well as business reputation and other risks.

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

The Board of Directors shall receive such updates and information from management as may be appropriate from time to time. For efficient and effective use of Company and management resources, directors are encouraged to coordinate requests for information, with reasonable notice under the circumstances, through the Chief Executive Officer. The Board may, in its discretion, engage independent advisors as necessary and appropriate. Subject to limited exceptions when such access would be inappropriate, directors shall have unlimited access to the Company's independent auditors, the Company Secretary, the General Counsel, outside legal counsel and any other outside advisors to the Company, and the Company shall promptly pay the costs and expenses of such advisors and auditors.

## **Committees of the Board of Directors**

In order to promote the effective oversight of the Company, the Board shall establish such committees as it deems appropriate from time to time, or as are required under requirements of the NYSE or applicable law. Standing committees of the Board are the:

- Audit Committee
- Compensation Committee
- Health, Safety and Environment Committee
- Nominating and Corporate Governance Committee
- Executive Committee

The charters of the Audit Committee, the Compensation Committee, the Health, Safety and Environment Committee and the Nominating and Corporate Governance Committee will be posted on the Company's website and will have further information regarding each committee's function and responsibilities. In furtherance of promoting the effective functioning of each committee, the chairman of each committee, as appointed by the Board, shall be authorized to invite such members of management and the Board to attend meetings of such committee from time to time as the chairman shall determine to be necessary or appropriate to fulfill the responsibilities of such committee. The committee chairman shall also be authorized to call meetings of such committee in executive session at such times as may be appropriate to promote the independence and effective functioning of such committee.

## **Meetings of the Board**

It is expected that each director will make every effort to attend each Board meeting and each meeting of any committee on which he or she serves. Directors are strongly encouraged to attend the annual general meeting of shareholders of the Company and the regularly scheduled quarterly Board and committee meetings in person (excluding the non-quarterly telephonic meetings of the Board and its committees). In no case shall the Company, any director or other participant in a Board or committee meeting make a

video or audio recording of a meeting. A director participating in a Board or committee meeting telephonically shall do so in a manner that ensures that no other person may hear the proceedings and deliberations of such meeting.

The independent directors shall meet at regularly scheduled executive sessions outside the presence of the CEO and other Company personnel at regularly scheduled Board meetings and may convene such sessions during any Board meeting or by notice of a special Board meeting.

### **Board Leadership**

The Board shall appoint one director to serve as Chairman of the Board. The Board reserves the right to determine, from time to time, how to configure the leadership of the Board in the way that best serves the Company. Specifically, the Board may appoint a Chairman who is a current or former employee of the Company. In the event the Chairman is a current or former employee or otherwise not independent, a Lead Director who is independent shall be appointed exclusively by the independent directors. The Lead Director will assist the Chairman and the remainder of the Board in assuring effective corporate governance in managing the affairs of the Board and the Company. The Lead Director shall serve as liaison between the Chairman, the CEO and the independent directors and shall have at least the responsibilities described in **Annex A**, and any other additional responsibilities as determined by the Board. The Lead Director shall also serve as a member of the Executive Committee, if established, and have such additional responsibilities as determined by the Board. The Chairman shall have at least the responsibilities described in **Annex B**, and any other additional responsibilities as determined by the Board.

The Chairman and Lead Director, if any, are also subject to the general directors' duties under English law.

### **Director Compensation**

Director compensation shall be approved by the full Board based upon a recommendation by the Compensation Committee, with each director abstaining from the vote of the Board on his or her own compensation. Director compensation shall take into account information available to the Board regarding practices in peer companies and the time required for directors to fulfill their responsibilities as members of the Board and any of its committees.

### **Director Orientation and Continuing Education**

The Company will assist directors who are newly appointed to the Board in acquainting themselves with the Company's business and its policies. On a regular basis in connection with the meetings of directors, the Company will provide appropriate information to directors regarding changes in the Company's business and industry as well as the responsibilities of directors in fulfilling their duties.

The Board encourages directors to participate in continuing education programs and, with prior Company approval, reasonable expenses related to attendance by a director at a director training program or institute will be reimbursed by the Company.

### **Interests of Directors, Officers and Employees**

Directors, officers and employees should be alert to any interest they or a family member or an affiliate or

associate may have that might be considered an actual or potential conflict of interest with the Company. For example, if a director, officer or employee (or his or her family member or affiliate or associate) has a direct or indirect financial or personal interest in a contract, transaction or relationship to which the Company is to be a party, or is contemplating entering into a transaction that involves use of Company assets or competition against the Company, the director, officer or employee may be considered to be “interested” in the matter and shall bring any such matters to the attention of the Board. Any conflicts of interest must be avoided unless approved by the Board or the Audit Committee, as applicable.

Directors, officers and employees should be aware of the following potential conflicts of interest:

- **Interest of directors in matters before the Board of Directors.** With respect to matters coming before the Board or a committee, any director who may have a conflict of interest should disclose all material facts about it to disinterested members of the Board or committee prior to Board or committee approval of a transaction or business action. If so determined by the Board, the interested director shall abstain from the discussion and voting on the matter. The disclosure and abstention shall be recorded in the minutes of the meeting. With respect to transactional conflicts, the directors shall declare the nature and extent of any direct or indirect interest in a proposed or existing transaction or arrangement to which the Company is a party. The directors shall also declare the nature and extent of any situational conflicts to the Board.
- **Directorships in common.** In some circumstances, the Company may enter into transactions with other companies that share a common director (or a Company director, officer or employee is a director, officer or employee of such other company). When possible, the affected individual, after having disclosed all known pertinent information, should avoid personal participation in acting upon any transaction between the Company and the other company.

Each fiscal year, directors, officers and certain employees shall complete a questionnaire regarding conflicts of interest and provide such statement to the Company Secretary and/or Compliance Officer of the Company.

Directors shall avoid situations in which such director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Generally, this applies to the exploitation of any property, information or opportunity but the duty is not infringed if the interest cannot reasonably be regarded as likely to give rise to a conflict of interest or if it has been authorized by the Board. For an authorization to be effective, no interested director may form part of the quorum of the meeting nor may his vote be counted in reaching the decision.

## **Extraordinary Transactions**

Unless required by law or specifically authorized to do so in a particular situation by the chairman of the Board or the CEO, individual directors shall not: (i) speak or act on behalf of the Company concerning extraordinary transactions, such as various types of acquisitions, dispositions, joint ventures, materials business alliances and business combinations, or (ii) solicit, directly or indirectly, acquisition proposals for the Company or any of its ordinary shares or assets or proposals for a joint venture or business alliance or speak or act on behalf of the Company with respect thereto.

In the event that a director should receive an inquiry, expression of interest, proposal or any other communications from a third party with respect to a possible extraordinary transaction involving the Company, such director shall immediately inform the chairman of the Board and the CEO and advise them of all facts and circumstances relating to such communication. Under no circumstances may an individual director engage in discussions or negotiations with a third party, unless specifically authorized to do so in the particular situation by the chairman of the Board or the CEO.

## **Management Succession**

The Board or one of its committees will consider policies and principles for CEO selection and annually, a performance review. In addition, the Board will consider succession plans in the event of an emergency or the retirement of the CEO.

## **Annual Performance Evaluation of the Board**

The Board shall conduct a examination at least annually to determine whether it and its committees are functioning effectively.

## **Retirement Policy**

Directors who are also employees of the Company are expected to resign from the Board if their employment with the Company ends. The Nominating and Corporate Governance Committee will review the situation and recommend to the Board whether the resignation should be accepted or declined. However, the Board may appoint a former employee as a director upon recommendation by the Nominating and Corporate Governance Committee.

All directors, other than the Company's CEO, will have a term limit of 12 years, and will not stand for re-election thereafter. While the Company does not have a mandatory retirement age for directors, directors must maintain the physical and mental health necessary to effectively perform their duties.

## **Interactions with the Public**

Directors shall refrain from commenting on the Company or its business publicly except if required to exercise the director's fiduciary duty or as authorized by the Board in accordance with the Company's Disclosure Policy. Inquiries from investors or the media shall be referred to management unless the Board specifically agrees otherwise.

## **Confidentiality**

The following confidentiality policy is applicable to all directors of the Company.

- Directors have an obligation to protect and keep confidential all non-public information related to the Company (“**Confidential Information**”) unless and until the Board has authorized disclosure (or unless otherwise required by law or regulation or made pursuant to the Company’s Disclosure Policy).
- Confidential Information includes all non-public information entrusted to or obtained by a Director by reason of his or her position on the Board, such as information regarding the strategy, business, finances and operations of the Company, minutes, reports and materials of the Board and its committees, other documents identified as confidential by the Company and all other non-public information provided by the Company, including but not limited to non-public information concerning:
  - the Company’s financial condition, prospects, strategy or plans, its marketing and sales programs and research and development information, as well as information relating to acquisitions, divestitures and actions relating to the Company’s securities;
  - possible transactions with other companies or information about the Company’s suppliers, licensors or joint venture partners that the Company is under an obligation to maintain as confidential; and
  - the proceedings and deliberations of the Board and its committees, and the discussions and decisions between and among employees, officers and directors and their advisors.
- Directors may not use Confidential Information for personal benefit or to benefit other persons or entities other than the Company.
- Directors shall refrain from disclosing Confidential Information to anyone outside the Company, specifically including any principal or employee of any entity or person that employs the director or has sponsored the director’s election to the Board, except with Board authorization or as otherwise may be required by law.
- The obligations described above continue even after service on the Board has ended.
- Any questions or concerns about potential disclosures should be directed to the General Counsel, who then may communicate with the CEO, the Chairman of the Board and/or the Nominating and Corporate Governance Committee regarding such potential disclosures.

### **Communication with Directors**

The Board has adopted the following process for shareholders and other interested parties to send communications to members of the Board. Shareholders and other interested parties may communicate with the Chairman, or Lead Director, if applicable, the chairs of the committees of the Board, or with any of our other independent directors, by sending a letter to the following address: Rowan Companies plc, c/o Company Secretary, 2800 Post Oak Blvd., Suite 5450, Houston, Texas 77056.

## Share Ownership Guidelines

The Board believes that executive officers (“*Executive Officers*”) and directors should have a substantial personal investment in the Company. Executive Officers and directors are expected to adhere to the following share ownership guidelines:

<u>Position</u>	<u>Value to be Retained</u>
CEO.....	Five times base salary
Other Executive Officer.....	Three times base salary
Executive Chairman.....	Five times base salary
Non-executive Directors.....	Five times annual retainer

To facilitate implementation of these guidelines, an officer, including any Executive Chairman, is required to retain 35% of “available shares” received pursuant to equity grants until his or her ownership guideline is met, at which time the retention level is reduced to 15% until he or she has exceeded the applicable ownership guideline by 200%. Thereafter, there is no retention requirement unless and until his or her ownership drops (a) below the guideline, at which time the 35% retention requirement would apply again or (b) between the guideline and 200% of the guideline, at which time the 15% retention would apply again, until such ownership guidelines are achieved. The retention requirement does not apply once an officer, including any Executive Chairman, has reached age 60.

“*Available shares*” are shares remaining after:

- the payment of any exercise price and the payment of any applicable taxes,
- the vesting of restricted shares or restricted share units and the payment of any applicable taxes, fees or commissions, and
- the earnout of any performance awards, if settled in shares, and the payment of any applicable taxes, fees or commissions.

Shares owned outright (i.e vested) and shares held in a pension or other deferred compensation plan are included for determining value, but unvested shares and unexercised SARs and options do not qualify.

For non-executive directors of the Company, the individual has five years to meet the guideline and ownership of restricted shares and restricted share units counts toward such retention.

## Insider Trading Policy

The Company shall maintain an insider trading policy which shall include provisions regarding hedging and pledging of the Company’s securities.

## Review of Corporate Governance Guidelines

The Nominating and Corporate Governance Committee shall review these Corporate Governance Guidelines from time to time to determine whether any changes are appropriate and recommend any changes to the Board for its approval. Consistent with NYSE listing requirements, these guidelines will be posted on the Company’s website.

These guidelines may be amended, modified or waived by the Board, and waivers of these guidelines may also be granted by the Nominating and Corporate Governance Committee, subject to the disclosure

requirements and other provisions of the Securities and Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

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*Approved May 24, 2018.*

## Annex A

### Lead Director Responsibilities

The Lead Director shall have at least the following responsibilities:

- Shall preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Shall serve as liaison between the Chairman, the CEO, and the independent directors;
- Shall approve information sent to the Board;
- Shall approve meeting agendas for the Board;
- Shall approve meeting schedules to assure that there is enough time for discussion of all agenda items;
- Shall have authority to call meetings of the independent directors and special meetings of the Board;
- If requested by major shareholders, shall be available for consultation and direct communication;
- Shall be available to the Chairman and CEO for advice and counsel and to provide support on issues of significance to the Company; and
- Shall act as a focus for the views of the independent directors with respect to the strategic issues facing the Company;
- Shall act as a facilitator for the Chairman and CEO in fulfilling Board duties;
- May recommend to the Chairman the retention of outside advisors and consultants who report directly to the Board;

In addition, the Lead Director may attend all meetings of the committees of the Board and shall serve a minimum term of one year.

## Annex B

### Chairman Responsibilities

The Chairman of the Board shall have at least the following responsibilities:

- Shall preside over all meetings of the Board, other than special meetings and executive sessions of the independent directors, and meetings of shareholders;
- Shall, in consultation with the CEO and Lead Director, if applicable, manage the Board and Board processes, including approving meeting dates, the agenda and items to be discussed at Board meetings, and the scheduling of time available for discussion of all agenda items;
- Shall provide guidance to the CEO and Board regarding corporate strategy;
- Shall be available to discuss any concerns that a director may have regarding the Board, the Company or management;
- Shall facilitate information flow and communication between the Board and management;
- Shall be available to the CEO for advice and counsel on issues of significance to the Company;
- Shall make determinations, in consultation with the Lead Director, if any, regarding the engagement of outside consultants and advisors who report directly to the Board;
- Shall oversee the process for shareholder communications with the Board and shall be available for consultation and direct communication with major shareholders upon shareholders' request or upon request of the Board or the CEO.

In addition, the Chairman may attend all meetings of the committees of the Board and have authority to call meetings of the Board.