



**ULTRA CLEAN HOLDINGS, INC.**  
a Delaware corporation  
(the “**Company**”)

**Corporate Governance Guidelines**  
**Amended as of November 15,**  
**2017**

## 1. **Composition of the Board and Board Membership Criteria**

The Nominating and Corporate Governance Committee shall establish membership criteria for the Board of Directors of the Company (the “**Board**”), which shall include the criteria set forth in these Corporate Governance Guidelines, and shall recommend to the full Board individuals for membership on the Board. In making its recommendations, the Nominating and Corporate Governance Committee shall:

- review candidates’ qualifications for membership on the Board (including a determination as to the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee;
- in evaluating current directors for re-nomination to the Board or reappointment to a committee of the Board, assess the performance of such director;
- as often as necessary or advisable (as determined by the Nominating and Corporate Governance Committee), review the composition of the Board and each committee of the Board in light of the current challenges and needs of the Board, the Company and each such committee of the Board, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skill, background and experience;
- consider rotation of committee members and committee Chairmen; and
- consider any other factors that are set forth in these Corporate Governance Guidelines or are deemed appropriate by the Nominating and Corporate Governance Committee or the Board.

## 2. **Director Qualifications**

### *Independence*

A majority of the Board shall be comprised of directors meeting the independence requirements of the NASDAQ at a minimum. The Board shall make an affirmative determination at least annually as to the independence of each director.

### *Term Limits*

It is the policy of the Board to avoid term limits which have the disadvantage of discontinuing the availability and contributions of directors who have developed experience with, and insight into, the Company and its needs over a period of time.

### *Retirement Age*

It is the policy of the Board to avoid a mandatory retirement age for directors which would have the disadvantage of discontinuing the availability and contributions of directors who are otherwise capable and valuable members of the Board.

### *Simultaneous Service on Other Company Boards*

It is the policy of the Board that every executive officer and director must notify the Board prior to accepting any invitation to serve on the corporate board of another company or with a government or an advisory group of another company. The Nominating and Corporate Governance Committee shall evaluate the appropriateness of such executive officer's or director's service on such other board or government or advisory group vis-a-vis such person's circumstances and responsibilities to the Company. The Nominating and Corporate Governance Committee shall make a recommendation to the Board as to any action to be taken with respect to continued Board membership and/or approving such person's service on such other board or government or advisory group.

### *Changes in Primary Employment*

It is the policy of the Board that every director, including the Chief Executive Officer (“CEO”) and any other inside directors, must notify the Board or the Nominating and Corporate Governance Committee of his or her retirement, any change in employer and any other significant change in professional roles and responsibilities, Board qualifications or professional status (each, a “**Status Change**”).

Each executive officer of the Company who serves on the Board shall offer to submit a resignation to the Board at the time such officer ceases to be an executive officer of the Company.

A non-employee director who has a Status Change does not necessarily have to leave the Board. Upon being notified of any Status Change, the Nominating and Corporate Governance Committee shall evaluate the continued appropriateness of continued Board membership of such director under their new circumstances and make a recommendation to the Board as to any action to be taken with respect to continued Board membership. The affected director shall act in accordance with the Nominating and Corporate Governance Committee's recommendation and the Board's determination, including offering to submit their resignation to the Board.

### *Conflicts of Interest*

If an actual or potential conflict of interest develops because of a change in the business of the Company or any subsidiary of Company, or in a director's circumstances (for example, significant and ongoing competition between the Company and a business with which the director is affiliated), the director should report the matter immediately to the full Board and the Audit Committee for evaluation and appropriate resolution.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board and the Audit Committee, shall recuse himself or herself from participation in the related discussion and shall abstain from voting on the matter.

### Stock Ownership

The Board believes that directors should hold meaningful equity ownership positions in the Company. The Company has adopted the following director share ownership guidelines: each director should hold at least 10,000 shares of the Company's common stock, with three years from the date such director joined the Board to accumulate such number of shares of common stock.

### **3. Director Responsibilities**

The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. In fulfilling these roles, each director must act in what he or she reasonably believes to be in the best interests of the Company and must exercise his or her business judgment. Directors are also encouraged to attend the Company's annual meeting with shareholders.

#### *Participation at and Preparation for Board Meetings*

The Company expects directors to be active and engaged in discharging their duties and to keep themselves informed of the business and operations of the Company. Directors are expected to attend all Board meetings and the meetings of the committees on which they serve and to prepare themselves for these meetings.

In order for the Board to exercise fully its oversight functions, management provides the Board with access to information regarding the Company and the markets in which the Company operates. This information comes from a variety of sources, including management reports, security analysts' reports, information regarding peer performance, interaction with senior management at Board meetings and visits to Company facilities. Any written materials that would assist directors in preparing for a Board or committee meeting shall be distributed, to the extent possible, to the directors in advance of the meeting and directors are expected to review such materials prior to the meeting.

#### *Company Performance and Corporate Strategy*

The Board reviews the Company's financial performance on a regular basis at Board meetings and through periodic updates. These reviews include the views of management as well as those of investors and securities analysts when available.

It is the policy of the Board that it shall conduct a review and approve the Company's long-term strategy and assess its strategic, competitive and financial performance.

### **4. Board Agenda**

The Chairman of the Board, in conjunction with the CEO (if the CEO is not the Chairman of the Board) and the Lead Director (as defined below), if any, shall determine the frequency and length of Board meetings and shall set the agenda for each Board meeting.

Board members are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda.

## **5. Board Size**

The Board may have up to the number of members set forth in the bylaws of the Company. Although the Board considers its present size to be appropriate, it may consider expanding its size to accommodate an outstanding candidate or candidates or reducing its size if the Board determines that a smaller Board would be more appropriate. The Nominating and Corporate Governance Committee shall review the size of the Board and recommend any proposed changes to the Board as often as necessary or advisable (as determined by the Nominating and Corporate Governance Committee).

## **6. Chairman of the Board and CEO**

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman and the CEO in any way that is in the best interests of the Company at a given point in time, including combining or separating the roles of Chairman and CEO. The Board may make a determination as to the appropriateness of its current policies in connection with the recruitment and succession of the Chairman of the Board and/or the CEO.

The Chairman of the Board shall be designated by the Board, based on the recommendation of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall oversee the process for selecting the Chairman of the Board.

## **7. Lead Director**

The Nominating and Corporate Governance Committee shall periodically consider recommending to the Board whether or not to designate an independent member of the Board as the Company's lead independent director (the "Lead Director"). As part of this process, the Nominating and Corporate Governance Committee shall consider and recommend the defined role for any such Lead Director. If the Nominating and Corporate Governance Committee determines to recommend to the Board having a Lead Director, the Nominating and Corporate Governance Committee shall also recommend to the Board a candidate for the Lead Director position.

The Board, based on the recommendation of the Nominating and Corporate Governance Committee, may designate an independent member of the Board as Lead Director of the Board, with such responsibilities and functions as the Board determines appropriate, after consideration of the recommendation of the Nominating and Corporate Governance Committee.

## **8. Board Committees**

The Board shall have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which shall operate pursuant to its own written charter. Committee charters shall, among other things, set forth the purpose,

goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and committee structure and operations, as well as requirements for reporting to the Board.

Only independent directors meeting the independence requirements of the NASDAQ and, for audit committee members, Rule 10A-3 of the Securities Exchange Act of 1934 and any related rules promulgated by the Securities and Exchange Commission, may serve on these three committees. The Nominating and Corporate Governance Committee shall establish membership criteria for each committee of the Board and shall recommend directors for appointment to committees of the Board, including the Chairman of each such committee of the Board. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of the Company.

In making its recommendations for committee appointments, the Nominating and Corporate Governance Committee shall:

- review candidates' qualifications for membership on the committee of the Board (including a determination as to the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee;
- in evaluating current directors for reappointment to a committee of the Board, assess the performance of such director; and
- as often as necessary or advisable (as determined by the Nominating and Corporate Governance Committee), review the composition of each committee of the Board in light of the current challenges and needs of the Board, the Company and each such committee of the Board, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, skill, background and experience.

While the rotation of committee members at certain set intervals may be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained by service on a particular committee over time.

## **9. Board Member Access to Management and Independent Advisors**

The Board and each committee of the Board has the authority to retain independent legal, financial, accounting or other advisors as it determines necessary to carry out its duties, without conferring with or obtaining the approval of management or, in the case of a committee, the full Board. The Board shall have access to any officer or employee of the Company or the Company's outside counsel, independent auditors or external parties, and may request that any such person or parties meet with any members of, or advisers to, the Board and the Board may otherwise seek information from any of the foregoing. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the Board in appropriate circumstances.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. The Board encourages senior management to make presentations and to invite to Board meetings managers and other employees who can provide additional insight into the items being discussed. The Board also encourages senior management to include in Board meetings individuals that the senior management believes may become prospective leaders of the Company.

## **10. Director Compensation**

The Compensation Committee shall review and approve compensation (including stock option grants and other equity-based compensation) for the Company's directors. In so reviewing and approving director compensation, the Compensation Committee shall:

- identify corporate goals and objectives relevant to director compensation;
- evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation);
- determine any long-term incentive component of director compensation based on the awards given to directors in prior years, the Company's performance, stockholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and
- evaluate the possibility that directors' independence may be compromised for Board or committee purposes if director compensation exceeds customary levels or if the Company makes substantial charitable contributions to an organization with which a director is affiliated.

Notwithstanding any of the foregoing, director compensation may instead be approved by the Board or the Nominating and Corporate Governance Committee to the extent the Compensation Committee deems necessary or advisable to comply with Securities and Exchange Commission rules and regulations or NASDAQ or stock exchange requirements.

### *Charitable Contributions*

Proposed charitable contributions or pledges of charitable contributions, by the Company within any given fiscal year in an aggregate amount of \$10,000 or more, to an entity for which a director or a member of his or her immediate family serves as a director, officer, employee or member of such entity's fund-raising organization or committee, shall be subject to prior review and approval by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee shall be provided on an annual basis with a report from management of the charitable contributions or pledges made by the Company during the fiscal year in an amount of \$10,000 or more, to an entity for which a

director or executive officer, or a member of his or her immediate family, serves as a director, officer, employee or member of such entity's fund-raising organization or committee.

#### **11. Director Continuing Education**

All directors will be offered the opportunity, and are encouraged, to participate in continuing education programs with any reasonable associated expenses to be reimbursed by the Company.

#### **12. Management Evaluation, Succession and Compensation**

The Compensation Committee shall evaluate the performance of the Company's executive officers and other senior management of the Company and shall present its findings to the full Board. The Board shall review the Compensation Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Company in the long- and short-term.

The Compensation Committee shall, in consultation with the Company's CEO, review and report to the Board on the Company's management succession planning, including succession planning in the event of the incapacitation, retirement or removal of the CEO, and recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. The CEO shall provide to the Compensation Committee, on an ongoing basis, his or her recommendation as to a successor in the event of an unexpected emergency.

The Compensation Committee shall review and approve for each of the Company's executives his or her (i) annual base salary level, (ii) annual incentive compensation, (iii) long-term incentive compensation, (iv) employment, severance and change-in-control agreements, if any, and (v) any other compensation, ongoing perquisites or special benefit items.

#### **13. Related Party Transaction Policy**

At least annually, the Board shall review the Company's Related Party Transaction Policy, and make changes as deemed appropriate or as required by law. The Nominating and Corporate Governance Committee of the Board shall review and approve related party transactions, as set forth in the Related Party Transaction Policy and in accordance with its charter.

#### **14. Annual Performance Evaluation**

The Board, led by the Nominating and Corporate Governance Committee, shall establish and conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The collective evaluation shall be presented by the Chairman of the Nominating and Corporate Governance Committee to the full Board for discussion. This process shall also include annual self-assessments by each Board committee, relying on a review process similar to that used by the Board.