

## INTREPID POTASH, INC.

### **CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of Intrepid Potash, Inc. (the “Corporation”) has adopted these Corporate Governance Guidelines as a framework to provide effective governance over the affairs of the Corporation for the benefit of its stockholders.

#### **1. Roles of Management and the Board**

The Corporation’s officers and employees conduct the Corporation’s business with the goal of enhancing the long-term value of the Corporation for the benefit of its stockholders. The Board is elected by the stockholders to oversee the management of the Corporation and to help assure that the interests of the stockholders are served. In all actions taken by the Board, the directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation. In discharging that obligation, directors may rely on the honesty and integrity of the Corporation’s officers and its outside advisors and auditors.

#### **2. Board Composition**

The number of directors of the Board shall be fixed from time to time by resolution of the Board. Candidates for nomination to the Board will be identified by the Nominating and Corporate Governance Committee and recommended to the Board for approval. Each director should meet the qualifications for Board membership set forth in the section below. The Nominating and Corporate Governance Committee will also consider potential director candidates recommended by stockholders and will use the same criteria for screening all candidates, regardless of who proposed such candidates.

A majority of the Board will consist of directors who are independent, as determined in accordance with the Corporate Governance Standards for Listed Issuers of the New York Stock Exchange (the “NYSE”).<sup>1</sup>

#### **3. Board Committees**

The Board has established the following three standing committees to assist the Board in discharging its responsibilities: (i) the Audit Committee; (ii) the Compensation Committee; and (iii) the Nominating and Corporate Governance Committee. Each committee has a written charter which is approved by the Board and describes the committee’s authority and responsibilities, qualifications for membership, procedures for appointment and removal and committee operations and structure. The members of the committees are appointed by the Board and each committee reports to the Board. Subject to applicable law and NYSE rules the Board may add new committees or eliminate existing committees as it deems advisable. Additionally,

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<sup>1</sup> The relevant provision from the Corporate Governance Standards, in force as of July 1, 2013, is attached as Exhibit A to these Guidelines.

each committee may invite to its meetings any director, member of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. Each committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

## **4. Chairman of the Board and Lead Director**

The Board does not prohibit an officer of the Corporation from serving as the Chairman of the Board. However, if the director serving as Chairman of the Board is an officer of the Corporation or is otherwise not independent as defined by the NYSE rules, the Board shall designate one of its independent directors to serve as Lead Director of the Board, with the following duties and responsibilities:

- (i) serving as the principal liaison between the non-management directors and the Chairman of the Board and between the Board and the Corporation's stockholders;
- (ii) presiding over executive sessions of non-management directors and meetings of independent directors;
- (iii) presiding at all meetings of the Board at which the Chairman of the Board is not present;
- (iv) together with the Chairman of the Board, approving meeting agendas for the Board and reviewing any materials, as so desired by the Lead Director, that will be distributed to the Board. The Lead Director may also request that additional materials be distributed to the Board;
- (v) approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- (vi) at his or her discretion, calling meetings of the non-management directors;
- (vii) if requested by major stockholders, ensuring that he or she is available for consultation and direct communication; and
- (viii) performing such other duties as may from time to time be delegated to the Lead Director by the Board.

## **5. Director Qualification**

The Board and the Nominating and Corporate Governance Committee should consider whether candidates for nomination to the Board possess the following qualifications, among others:

- (a) the highest level of personal and professional ethics, integrity, and values;
- (b) expertise that is useful to the Corporation and complementary to the background and expertise of the other members of the Board;

(c) a willingness and ability to devote the time necessary to carry out the duties and responsibilities of Board membership;

(d) a desire to ensure that the Corporation's operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules, and regulations; and

(e) a dedication to the representation of the best interests of the Corporation and all of its stockholders.

In addition, candidates must have time available to devote to Board activities and to enhance their knowledge of the Corporation and its industry. To assist in the identification and evaluation of qualified candidates, the Corporation on occasion may engage a search firm.

## **6. Additional Board Service**

Directors may not serve on more than five public company boards, including the Board of the Corporation, in order to ensure that each director is able to devote sufficient time to perform his or her duties as a director.

Generally, members of the Audit Committee may not simultaneously serve on more than two other public company audit committees in addition to the Audit Committee. An Audit Committee member may serve on more than two other public company audit committees only if the Board determines that such service does not impair the member's ability to effectively serve on the Audit Committee and the Board's determination is publicly disclosed in accordance with NYSE rules.

## **7. Change in Status or Responsibilities**

If a director has a substantial change in professional responsibilities, occupation or business association he or she shall notify the Nominating and Corporate Governance Committee and offer his or her resignation from the Board.

If a director who was an independent director when nominated ceases to qualify as an independent director, he or she shall offer his or her resignation from the Board.

The Nominating and Corporate Governance Committee will evaluate the facts and circumstances and make a recommendation to the Board whether to accept any resignation offered to the Board or request that the director continue to serve on the Board.

If a director assumes a significant role in a not-for-profit entity he or she should notify the Nomination and Corporate Governance Committee.

## **8. Resignation of Unsuccessful Incumbent Directors in Elections**

The Board will nominate for election or re-election as director, and will appoint to fill vacancies and new directorships, only candidates who agree to tender irrevocable resignations that will be effective on (i) the failure of such director to receive a majority of the votes cast in an

election that is not a Contested Election (as defined in the Corporation's Bylaws) and (ii) Board acceptance of such resignation.

An incumbent director who fails to receive a majority of the votes cast in an election that is not a Contested Election and who tenders his or her resignation pursuant to the Corporation's Bylaws shall remain active and engaged in Board activities while the Nominating and Corporate Governance Committee and the Board decide whether to accept or reject such resignation, or whether other action should be taken; *provided, however*, it is expected that such incumbent director shall not participate in any proceedings by the Nominating and Corporate Governance Committee or the Board regarding whether to accept or reject such director's resignation, or whether to take other action with respect to such director.

## 9. Director Responsibilities

The business and affairs of the Corporation will be managed under the direction of the Board in accordance with applicable law. To promote the discharge of this responsibility and the efficient conduct of the Board's business, the Board has developed a number of specific expectations of directors.

(a) **Commitment and Attendance:** Directors are expected to attend the Annual Meeting of Stockholders, meetings of the Board and meetings of Board committees on which they serve. Attendance at board meetings and committee meetings may be in person or by telephone or video conference. Directors are expected to review all materials provided at or in advance of meetings of the Board and its committees.

(b) **Participation in Meeting:** Each director should be sufficiently familiar with the business of the Corporation and its subsidiaries to facilitate active and effective participation in the deliberations of the Board and of each committee on which such director serves.

(c) **Ethics and Conflicts of Interest:** The Corporation has adopted a Code of Business Conduct and Ethics. Directors are expected to be familiar with and to adhere to that Code, including, for example, its provisions governing conflicts of interest. Directors should recuse themselves from any discussion or decision by the Board or a Board committee that involves or affects their personal, business, or professional interests. The Nominating and Corporate Governance Committee will resolve any conflict of interest issue involving a director or the Chief Executive Officer or any other executive officer of the Corporation.

(d) **Confidentiality:** The proceedings and deliberations of the Board and its committees are confidential. Each director must maintain the confidentiality of information received in connection with his service as a director.

## 10. Director Access to Management

Each director will have unabridged access to senior management and other employees of the Corporation in order to become and remain informed about the Corporation's business and for any other purpose relevant to the fulfillment of the responsibilities of a member of the Board.

## **11. Retention of Advisors**

The Board and committees of the Board may engage the services of independent consultants or advisors, at the Corporation's expense.

## **12. Stockholder Communications**

The office of the Secretary of the Corporation shall serve as the point of contact between the Board and the stockholders of the Corporation. The office of the Corporation's Secretary shall promptly forward to the intended recipient all communications from stockholders to the Board generally, to members of a committee of the Board or to one or more directors individually, as applicable.

## **13. Director Compensation**

The Board should annually review the form and amount of all types of compensation to be paid by the Corporation to or on behalf of members of the Board, including, without limitation, cash fees, stock incentives, and contributions to charities at the behest of Board members. Board compensation should be customary, reasonable, and competitive, as determined by the Board.

## **14. Orientation of New Directors and Continuing Education**

The Board or the Nominating and Corporate Governance Committee may develop and oversee an orientation program for new members of the Board. The orientation program should provide new directors with comprehensive information about the Corporation's business, performance, policies and procedures and the responsibilities and expectations of members of the Board. The Corporation encourages directors to participate in continuing director education seminars and other continuing education activities that will expand and enhance the directors' knowledge of issues and matters regarding corporate governance, director roles and responsibilities and other matters relating to the carrying out of director duties. The Corporation will reimburse reasonable out-of-pocket expenses incurred by directors for such continuing education activities.

## **15. Management Succession Planning**

At least annually, the Board, assisted by the Nominating and Corporate Governance Committee, will consider reviewing and developing succession plans relating to the Board, the Chief Executive Officer (or such other officer performing the function of the Corporation's principal executive officer), and other key executives, as appropriate, both in the event of an emergency and in the ordinary course of business. The succession plans should include an assessment of the experience, performance, and skills of possible successors.

## **16. Self-Evaluation**

Each year, the Board will conduct a self-evaluation to determine whether it and its committees are functioning effectively. In connection with the annual self-evaluation, the Nominating and Corporate Governance Committee will be responsible for seeking from each

director his or her evaluation of the performance of the Board and the committees on which the director serves. The Board and committees will review the results of these evaluations.

## **17. Executive Sessions**

The non-management or independent directors will meet regularly without management directors present. These executive sessions will occur at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled Board meetings and at such other times as the non-management directors may deem necessary and appropriate. The Chairman of the Nominating and Corporate Governance Committee, or the Lead Director if there is one, will preside at these meetings unless the Board selects another non-management director to preside. In the event that the non-management directors include directors who are not independent under the NYSE listing standards, then the independent directors will meet at least once a year in an executive session without non-independent directors present.

## **18. Flexibility**

The Board believes that the policies and procedures described in these Corporate Governance Guidelines should remain flexible to facilitate the Board's ability to respond to changing circumstances and conditions in fulfilling its responsibilities to the Corporation and its stockholders. Accordingly, the Board reserves the right to interpret and amend these Corporate Governance Guidelines or grant waivers hereunder, from time to time. Any such interpretation, amendment or waiver will be disclosed if required by and in accordance with applicable securities laws and regulations and the Corporate Governance Standards for Listed Issuers of the New York Stock Exchange.

## Exhibit A

In order to tighten the definition of "independent director" for purposes of these standards:

**(a)(i)** No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

**(ii)** In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and

(B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

*Commentary:* It is not possible to anticipate, or explicitly to provide for, all circumstances that might signal potential conflicts of interest, or that might bear on the materiality of a director's relationship to a listed company (references to "listed company" would include any parent or subsidiary in a consolidated group with the listed company). Accordingly, it is best that boards making "independence" determinations broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with the listed company, the board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. However, as the concern is independence from management, the Exchange does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding.

When considering the sources of a director's compensation in determining his independence for purposes of compensation committee service, the board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the listed company's executive compensation. Similarly, when considering any affiliate relationship a director has with the company, a subsidiary of the company, or an affiliate of a subsidiary of the company, in determining his independence for purposes of compensation committee service, the board should consider whether the affiliate relationship places the director under the direct or indirect control of the listed company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the listed company's executive compensation.

*Disclosure Requirement:* The listed company must comply with the disclosure requirements set forth in Item 407(a) of Regulation S-K.

**(b)** In addition, a director is not independent if:

**(i)** The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer,<sup>1</sup> of the listed company.



*Commentary:* Employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment.

(ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

*Commentary:* Compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the listed company (other than an executive officer) need not be considered in determining independence under this test.

(iii) (A) The director is a current partner or employee of a firm that is the listed company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time.

(iv) The director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.

(v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

*Commentary:* In applying the test in Section 303A.02(b)(v), both the payments and the consolidated gross revenues to be measured shall be those reported in the last completed fiscal year of such other company. The look-back provision for this test applies solely to the financial relationship between the listed company and the director or immediate family member's current employer; a listed company need not consider former employment of the director or immediate family member.

*Disclosure Requirement:* Contributions to tax exempt organizations shall not be considered payments for purposes of Section 303A.02(b)(v), provided however that a listed company shall disclose either on or through its website or in its annual proxy statement, or if the listed company does not file an annual proxy statement, in the listed company's annual report on Form 10-K filed with the SEC, any such contributions made by the listed company to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from the listed company to the organization exceeded the greater of \$1 million, or 2% of such tax exempt organization's consolidated gross revenues. If this disclosure is made on or through the listed company's website, the listed company must disclose that fact in its annual proxy statement or annual report, as applicable, and provide the website address. Listed company boards are reminded of their obligations to consider the materiality of any such relationship in accordance with Section 303A.02(a) above.

*General Commentary to Section 303A.02(b):* An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the look-back provisions in Section 303A.02(b), listed companies need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.



In addition, references to the "listed company" or "company" include any parent or subsidiary in a consolidated group with the listed company or such other company as is relevant to any determination under the independent standards set forth in this Section 303A.02(b).

**Amended:** November 25, 2009 (NYSE-2009-89); January 11, 2013 (NYSE-2012-49).

<sup>1</sup> For purposes of Section 303A, the term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934.