

# **DORMAN PRODUCTS, INC.**

## **Corporate Governance Guidelines**

**(Amended and Restated as of December 12, 2019)**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Dorman Products, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Pennsylvania Business Corporation Law, or the Company’s Articles of Incorporation (as amended or restated) or Bylaws (as amended or restated). Recognizing that best practices for corporate boards of directors and practical considerations will change over time, the Board will monitor developments in these areas and will amend these guidelines as it deems appropriate.

**I. Board Purpose and Responsibilities.** The business and affairs of the Company are managed under the direction of the Board. The Board represents and acts on behalf of the shareholders of the Company. The primary responsibilities of the Board are oversight, counseling and direction to the management of the Company in the interests and for the benefits of the Company’s shareholders. The Board, directly and through its Committees, performs a number of specific functions, including:

- A.** Reviewing and, where appropriate, approving critical business and financial strategies of the Company.
- B.** Reviewing and, where appropriate, approving major corporate actions.
- C.** Assessing major risks facing the Company and options for their mitigation.
- D.** Overseeing the processes for maintaining the integrity of the Company with regard to its financial statements and other public disclosures, and compliance with law and ethics.
- E.** Selecting, regularly evaluating the performance of, and approving the compensation of the Company’s CEO and other members of the executive management team.
- F.** Planning for succession with respect to the position of CEO and monitoring and advising on management’s succession planning for other members of the executive management team.
- G.** Reviewing the recommendations of Company management for, and appointing, the Company’s principal officers.

## **II. Board Size, Composition and Qualifications**

- A. Size.** The Board will periodically review the size of the Board to determine if it is appropriate. The Company’s Bylaws currently provide that the Board shall be comprised of between two and nine members.

**B. Composition.** A majority of the Board will qualify as independent directors. For purposes of these guidelines, “independence” will be determined in accordance with the independence standards of the listing requirements of the Nasdaq Stock Market, Inc. (“NASDAQ”), as they may be amended from time to time. The Board shall make an affirmative determination at least annually as to the independence of each director.

**C. Selection of New Directors.**

1. The Board will be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur. The Corporate Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership.
2. The Corporate Governance and Nominating Committee will consider candidates recommended by the Company’s shareholders. In considering candidates submitted by shareholders, the Corporate Governance and Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Corporate Governance and Nominating Committee may establish procedures, from time to time, regarding shareholder submission of candidates.

**D. Qualifications for Board Members.** A candidate for Director must be a natural person at least eighteen (18) years of age. Characteristics expected of all directors include: integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of individual Board members, the Board considers many factors, including capability, experience, skills, expertise, dedication, conflicts of interest, independence from the Company’s management and the Company and such other relevant factors that may be appropriate in the context of the needs of the Board. Additional criteria apply to directors being considered to serve on particular committees of the Board.

The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Company's business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. Accordingly, the Board believes that the Board, as a whole, should include members who collectively bring the following strengths and backgrounds to the Board:

- experience as a Chief Executive Officer, President or principal officer of another company;
- senior-level experience in the automotive aftermarket or automotive parts industry generally or with companies that have similar business models;
- experience with overseas distribution operations; and

- strengths in the functional areas of finance, corporate governance, financial statement analysis, business operations and strategic planning, and mergers and acquisitions.

While the Company does not have a formal policy with regard to consideration of diversity, the Board seeks to achieve a diversity of strengths and backgrounds on the Board.

- E. Employees as Board Members.** The CEO will ordinarily be a member of the Board. Otherwise, to be considered for Board membership, employees of the Company must have senior management responsibility for broad areas of the Company's operating or functional groups.
- F. Tenure and Retirement.** All Board members are elected for one-year terms. The Board believes that neither an arbitrary term limit on Board members' service nor an arbitrary retirement age is appropriate; however, length of service and age will be factors considered in selecting candidates for nomination or re-nomination.
- G. Conflicts of Interest.** In addition to abiding by the Company's code of conduct, as currently in effect, each Board member must recuse himself or herself from any decision affecting, or potentially affecting, his or her personal, business or professional interests, and should consider whether it would be appropriate to recuse himself or herself from any related discussion.
- H. Change in Occupation of Independent Board Member.** An independent Board member must notify the Corporate Governance and Nominating Committee in the event of a significant change in that Board member's principal occupation; provided, however, that if in the Board member's reasonable discretion such change results in his or her ineligibility to perform the function of a Board member, he or she must offer his or her resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will consider such factors as it deems relevant in determining whether to recommend that the offer of resignation be accepted and will present its recommendation to the Board for action.

### **III. Board Meetings**

#### **A. Regular Meeting Calendar**

- 1. Dates and Times.** The Board will meet, either in person or by conference call, at least five (5) times per year, unless it determines that more or fewer meetings are required. Meetings will typically occur during the following months: February, May, July, October and December.
- 2. Topics.** The Board agenda will include regular in-depth reviews of the key issues affecting the Company overall, and various Company businesses and functions. Appropriate time will be allotted for Board member questions and input.

- B. Distribution of Materials.** Board members generally expect to receive information and materials in advance of the Board meetings where important to the Board’s understanding or to facilitate discussion. It is expected that Board members will review all such materials in advance of the Board meetings and make such other advance preparations as may be appropriate to make Board meetings as productive and efficient as reasonably possible. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.
- C. Attendance of Directors.** Attendance by directors is expected at all Board and Committee meetings for the full length of such meetings. A director who is unable to attend any Board or Board Committee meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board (the “Chairman”) or the chairperson of the appropriate Committee in advance of such meeting.
- D. Special Meetings.** The Chairman, President, a majority of the executive committee, if any, or a majority of the directors may call special meetings as necessary to address important or urgent Company issues. Special meetings may be held in person, or by conference telephone or other form of electronic technology.
- E. Attendance of Management Personnel at Board Meetings.** The Board encourages the CEO to bring members of management from time to time into Board meetings to: (i) provide management insight into items being discussed by the Board; (ii) make presentations to the Board on matters; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. If the CEO desires to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

#### **IV. Board Leadership**

- A. Chairman/ Lead Director.** The Company’s policies permit the Board to select its Chairman in the manner it determines to be most appropriate for the Company. The Board will be chaired by one (1) member. The Chairman will be appointed by vote of a majority of members of the Board present at a duly constituted meeting, and may be removed at any time by the same vote. The Board does not have a policy that requires the separation of the roles of Chief Executive Officer and Chairman of the Board. The Board shall annually review its leadership structure to assess what best serves the interests of the Company and its shareholders at a given time. Unless the CEO serves as Chairman or the Chairman is otherwise an executive Chairman, the Chairman will act as a key liaison with the CEO, will set the Board agenda with the assistance of the CEO, will chair the executive sessions described in Section IV.B below, will communicate Board member feedback to the CEO, and will perform such other duties as may be delegated by the Board from time to time.

If the Chairman is not an independent director, the independent members of the Board shall elect an independent director to serve as Lead Director. The Lead Director will (i) preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (ii) serve as a liaison between management and the independent directors; (iii) assist the Chairman in setting the Board's schedules, agendas, and information flow; (iv) participate (in conjunction with the Compensation Committee) in the periodic evaluation and performance review of the CEO and other principal officers; (v) communicate Board member feedback to the CEO (and executive Chairman, if an executive other than the CEO is serving as Chairman); (vi) recommend to the Board the retention of advisors and consultants who report directly to the Board; (vii) oversee (in conjunction with the Corporate Governance and Nominating Committee) the periodic evaluation of the Board and each Committee thereof and their respective members; and (viii) perform such other duties as may be delegated by the Board from time to time.

- B. Executive Sessions of Independent Directors.** At each quarterly Board meeting, time shall be set aside for the independent directors to meet in executive session without Company management or other non-independent directors present. Additional executive sessions may be held as needed. Executive sessions will be called and chaired by the Chairman (or the Lead Director if the Chairman is not an independent director). These executive session discussions may include such topics as the independent directors determine.
- C. Communication with the Board.** Any interested parties desiring to communicate with the Board or any individual director may directly contact such director or directors by sending a letter addressed to the Board or the individual director c/o Secretary, Dorman Products, Inc. at 3400 East Walnut Street, Colmar, Pennsylvania 18915. In the letter, a shareholder must identify him or herself as a shareholder of the Company. The Secretary may require reasonable evidence that the communication is being made by or on behalf of a shareholder before the communication is transmitted to the individual director or to the Board.
- D. Board Agendas.** The Chairman will determine the agenda for each meeting. All Board members should propose to the Chairman the inclusion of additional agenda items that they deem necessary or appropriate in carrying out their duties.

## **V. Board Committees**

- A. Standing Committees.** The Board has established the following three standing Committees of the Board to assist the Board in discharging its responsibilities: (i) Audit; (ii) Compensation; and (iii) Corporate Governance and Nominating. The purposes, duties and responsibilities of each of these Committees are set forth in their Committee charters. The Board may add, eliminate, and change the charter or composition of any Committee at any time, except to the extent that such a change would violate the Company's Articles of Incorporation (as amended or restated), Bylaws (as amended or restated), NASDAQ listing standards or applicable law.

- B. Committee Membership.** Each standing Committee will be comprised solely of directors who are independent pursuant to the independence standards of NASDAQ's listing requirements applicable to such Committees. In all events the membership of any Committee shall meet any minimum standards established from time to time by NASDAQ or applicable law.
- C. Assignment of Committee Members.** The Corporate Governance and Nominating Committee will annually review the composition of each Committee and present Committee membership recommendations to the Board as it determines to be appropriate. After considering the recommendations of the Corporate Governance and Nominating Committee, the Board will designate the members and the chairperson of each Committee, endeavoring to match the Committee's function and needs for expertise with individual skills and experience of the appointees to the Committee.
- D. Committee Agendas.** The chairperson of each Committee will, after consultation with appropriate members of Company management, determine the agenda for each meeting. The Chairman and other Committee members may also suggest the inclusion of items on the agenda.

## **VI. Board Compensation**

- A. Compensation Committee Responsibility.** The Compensation Committee of the Board will periodically review the form and amount of compensation paid to non-employee Board members for annual retainers (including Board and Committee chairpersons) and meeting fees, if any, and will make recommendations to the Board for any adjustments.
- B. Compensation Philosophy.** In making its recommendations to the Board concerning the compensation of Board members, the Compensation Committee should consider the following goals:
  - 1. Board members should be fairly compensated for the work involved in overseeing the management of a company the size and scope of the Company.
  - 2. Board member compensation should be competitive with director compensation at other U.S. companies the size and scope of the Company.
  - 3. Board member compensation should align Board members' interests with the long-term interests of the Company's shareholders.

Director's fees (including any fees paid in the form of equity awards and any additional amounts paid to the Lead Director, chairs of Committees and to members of Committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; *provided, however*, that a member of the Audit Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from the Company for

prior service with the Company so long as such compensation is not contingent in any way on continued service.

A director who is also an employee of the Company shall not receive additional compensation for such service as a director.

## **VII. Board Access to Information and Independent Advisors**

- A. Information.** The Company's management will afford each Board member access to the Company's employees, outside auditors, legal counsel and other professional advisors for any purpose reasonably related to the Board's responsibilities. Executives and other management of the Company shall periodically make presentations to the Board and its Committees on Company business and activity.
- B. Independent Advisors.** The Board and its Committees shall have the right to retain independent advisors, including attorneys, accountants, investment bankers, and other consultants, as they deem necessary or appropriate to carry out their duties.

## **VIII. Board Orientation and Continuing Education**

- A. Orientation.** An understanding of the Company's business is required to enable a director to make a substantial contribution to the Board. Accordingly, after their election to the Board, all new directors participate in an orientation program developed by the Company. The orientation includes presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its financial statements, its principal officers, its internal and independent auditors and its key policies, guidelines and practices.
- B. Continuing Education.** From time to time, the Company, either directly or through its advisors or consultants, will provide Board members with presentations from Company and/or third party experts on topics that will assist Board members in carrying out their responsibilities. The Company encourages its Board members to participate in continuing education programs to assist them in performing their Board responsibilities.

## **IX. Service on Other Boards and Other Audit Committees**

- A. Non-Employee Directors.**
  - 1. Other Boards.** The Company expects all directors to devote sufficient time and effort to their duties as a Board member. Along those lines, if the CEO is also a director of the Company, he or she may sit on one (1) public company board in addition to the Company's board, but only after receiving the approval of a majority of the non-employee members of the Board to do so. Moreover, no director should sit on more than four (4) public company boards, including the Company's board. The number of

boards on which a director serves is a factor to be considered in the annual individual director evaluation process. Directors should advise the chairperson of the Corporate Governance and Nominating Committee and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses, non-profit entities or governmental units.

**B. Employee Directors.**

- 1. Chief Executive Officer.** The Company's CEO must obtain the approval of a majority of the non-employee members of the Board before serving on any outside public board and may not serve on more than two (2) outside public boards. Service on charitable or educational boards does not count towards this limit, unless a majority of the non-employee members of the Board determines that such service constitutes an unreasonable demand on the CEO's time.
- 2. Other Employee Board Members.** Members of the Board who are Company employees (other than the CEO) may not serve on more than two (2) outside public boards without the approval of a majority of the non-employee members of the Board, and must consult with the CEO before accepting any appointment to an outside board. The CEO will consult, as appropriate, with the Chairman (if the CEO is not the Chairman) or the Corporate Governance and Nominating Committee with respect to such appointments. Service on charitable or educational boards does not count towards this limit, unless a majority of the non-employee members of the Board determines that such service constitutes an unreasonable demand on the employee Board member's time.

**C. Principal Officers of the Company Appointed by the Board.** No principal officer of the Company appointed by the Board may serve on the board of a major competitor or customer, or a major potential competitor or customer. Principal officers should normally avoid serving on the board of a major or potential major supplier, contractor, or consultant. All principal officers must consult with the Company's CEO before accepting an appointment to an outside board. The CEO will consult with the Board prior to any officer accepting a position on the board of any major or potential major supplier, contractor, or consultant, and will inform the Board of any outside board memberships accepted by a principal officer of the Company.

**X. Director Attendance at Annual Meetings of Shareholders.** Absent sufficient cause, each director is expected to attend the Company's annual meeting of shareholders, either in person or by remote communication. A director who is unable to attend the Company's annual meeting of shareholders (which it is understood will occur on occasion) is expected to notify the Chairman.

**XI. Stock Ownership Guidelines.** Each member of the Board is required to comply with the Company's stock ownership guidelines as currently in effect.



- XII. Advance Resignation to Address Majority Voting.** The Board expects each director to tender, promptly following the annual meeting at which they are elected or re-elected as director, an advance, contingent irrevocable resignation that will be effective upon (i) the failure to receive the required vote at the next annual meeting at which they face re-election, and (ii) Board acceptance of such resignation. If an incumbent director fails to receive the required vote for re-election, the Corporate Governance and Nominating Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The Board expects the Director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Corporate Governance and Nominating Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.
- XIII. Board and Committee Self-Evaluations.** The Board will conduct an annual self-evaluation in order to determine whether the Board and its Committees are functioning effectively. It is expected that each committee of the Board will annually review and evaluate its performance and report the results to the Board.