



## **IES HOLDINGS, INC. CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of IES Holdings, Inc. (the “Company”) has adopted the following Corporate Governance Guidelines.

### **CORE COMPETENCIES OF THE BOARD**

In order to adequately perform the general corporate oversight responsibilities assumed by the Board, the Board as a whole should possess the following competencies:

*Accounting & Finance* — The Board should have one or more members who are experienced in accounting and finance matters.

*Management* — In order to oversee the Company’s management team, the Board should have one or more directors who have experience as the Chief Executive Officer (or other equivalent position, “CEO”), a Chief Operating Officer or possess the similar significant operating experience.

*Industry Knowledge* — While the theory of management is important, it is essential that the Board have one or more members with extensive, hands-on, practical and relevant industry-specific knowledge.

*Long-Range Strategy* — In addition to monitoring the Company’s performance in the present, the Board should have one or more members with the skills to look to the future and provide direction for stability and growth.

*Track Record* — The Board should have one or more members who have achieved prominence and strong reputations in their respective professions.

### **INDEPENDENCE OF THE BOARD**

A majority of the Board shall be independent of management. An independent director must meet the standards imposed by the U.S. Securities and Exchange Commission (“SEC”) and the NASDAQ, which essentially demand the following:

*Material Relationships* — The Board must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company) other than such director’s capacity as a member of the Board.

*Former Employment by the Company* — No director who is an employee, or whose immediate family member is an executive officer of the Company, is considered independent until

three years after the end of such employment relationship; provided, however, service as an interim executive officer will not affect independence, as long as service was for less than one year.

*Receipt of Compensation* — No director shall be considered independent who has received, or whose immediate family member has received, more than \$120,000 in compensation from the Company in any 12-month period in the past three years, other than director and committee fees, compensation paid to a family member who is an employee (other than an executive officer) of the Company and pension or other forms of deferred compensation for prior service.

*Employment by the Company's Independent Auditors (past or present)* — No director shall be considered independent if such director, or an immediate family member of such director, is a current partner of the Company's independent auditor, or was a partner or an employee of any of any independent auditor of the Company during the past three years and worked on the Company's audit.

*Interlocking Relationships* — No director shall be considered independent if such director or any immediate family member of such director is employed as an executive officer of a company where at any time during the past three years an executive officer of the Company serves or has served as a member of its Compensation Committee.

*Payments for Property or Services* — No director shall be considered independent if such director, or an immediate family member of such director, is a partner, controlling shareholder or executive officer of any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceeded the greater of 5% of the recipient's consolidated gross revenues for such year or \$200,000, other than payments arising solely from investments in the Company's securities or payments under charitable matching programs.

*Family Members* — Directors with certain family members (including spouses, parents, children, siblings, whether by blood, marriage or adoption, or anyone residing in such person's home) that fall into the above disqualifying conditions may be prohibited from being independent directors until the time period described above has elapsed as to those family members.

*Outside Directorships* — The CEO and the senior management of the Company may not serve on more than two outside boards of public companies, and review and approval of these companies by the Nominating/Governance Committee is required for employee memberships. While non-employee directors are not limited in the number of other boards of public companies on which they may serve, in order to insure that they will be able to devote the time necessary to properly perform their duties on the Company's board and any committees upon which they sit, any new board or committee memberships are required to be reviewed in advance by the Nominating/Governance Committee.

*Tenure and Retirement* — While mandatory retirement and/or term limits may have their place in government or physically demanding occupations, it is believed that their application to board service is arbitrary, discriminatory, and could act to disqualify otherwise fully productive and valuable members. The Company therefore does not have established formal rules that limit the number of terms a director can serve or set an age at which a member must retire.

## **BOARD DUTIES AND RESPONSIBILITIES**

*Information Dissemination* — The Board is responsible for the essential oversight of the Company and acts as the representative of the stockholders. The Board must be given sufficient information in order to fulfill these governance responsibilities, not only in advance of Board meetings but also periodically between meetings. In addition to regularly scheduled meetings, which members of the Board are expected to attend, telephone updates may be held between meetings to ensure potential matters of concern are addressed on a timely basis. Additionally, the independent directors will endeavor to hold regularly scheduled meetings, or sessions at regularly scheduled meetings, without the presence of any non-independent directors at least twice a year.

*Access to Management and Advisors* — Board members have full access to senior management and are encouraged to contact them at any time. In addition, the Board is authorized to retain and compensate outside advisors as it deems necessary or appropriate.

*Director Compensation* — The Compensation Committee of the Board is charged with the review of Board compensation, and upon its recommendation, the full Board sets the level of retainers as well as meeting fees. Compensation shall be made in the form of both cash and Company equity. In determining the appropriate level of compensation the Compensation Committee and the Board may review, as it deems appropriate, the practice of peer companies and general industry and tend toward the middle range of fees paid to the group.

*Director Orientation and Continuing Education* — Members shall be provided with detailed information concerning the Company's operations upon their initial election or appointment to the Board. Attendance at continuing education programs is encouraged and the Company shall periodically provide guest or management speakers to address topics of interest to the Company or industry and members are provided the opportunity to tour works in progress to become familiar with day-to-day operations.

*Annual Performance Evaluation* — The Board and each committee shall conduct a performance evaluation to determine whether it and its committees are functioning effectively. To ensure candid responses, the Board may require that completed evaluations be returned to the Company's independent auditor to compile the results on a completely anonymous basis.

*Management Succession* — The Board appoints a CEO, annually performs an evaluation of his or her performance, and performs an evaluation of and reviews management's

succession plan as presented by management for the CEO and executive officers, with the results being communicated to the CEO.