

# **TETRA TECHNOLOGIES, INC.**

## **Corporate Governance Guidelines**

The following Corporate Governance Guidelines (these “Guidelines”) have been adopted by the Board of Directors (the “Board”) of TETRA Technologies, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law or the Certificate of Incorporation or Bylaws of the Company, and the Board shall continue to comply with those laws and regulations. These Guidelines are intended to serve as a flexible framework within which the board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification from time to time by the Board.

### **THE BOARD**

#### **Role of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director is expected to attend the Company’s annual meeting of stockholders. A director who is unable to attend any meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting. In addition, directors are expected to act in the best interests of all stockholders, maintain independence and integrity, develop and maintain a sound understanding of the Company’s strategies, industries and businesses, review management development and succession planning, endeavor to be available on reasonable notice, attend and prepare for meetings, and provide active, objective and constructive participation at meetings of the Board and its committees.

#### **The Board’s Goals**

The Board’s goal is to build long-term value for the Company’s stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations which depend on the Company. The Board understands that the shareholders rely upon the Board to act on their behalf in making decisions or taking actions not requiring shareholder approval and shall at all times act accordingly.

## **The Board's Responsibilities**

The Board's responsibilities include, but are not limited to the following:

1. Appointing the Company's Chief Executive Officer, taking into account the recommendations of the Company's Nominating and Corporate Governance Committee ("Governance Committee") and its Management and Compensation Committee ("Compensation Committee").
2. Monitoring the performance of the Company in relation to its goals, strategy and competitors and the performance of the Chief Executive Officer, offering him or her constructive advice and feedback, and when appropriate or necessary, removing the Chief Executive Officer.
3. Approving the compensation of non-employee Board members, taking into account the recommendations of the Chief Executive Officer and the Governance Committee.
4. Reviewing and approving charters for the Audit Committee, Compensation Committee and Governance Committee and any other committee of the Board in existence from time to time. Appointing the members and chairmen of all Board committees, taking into account the recommendations of the Governance Committee.
5. Reviewing and approving the annual budget of the Company.
6. Approving the issuance of securities of the Company.
7. Approving investments in and acquisitions and dispositions of assets and businesses in accordance with the Company's capital expenditure policies.

## **Size of the Board**

The Board believes that it should generally have no fewer than three and no more than fifteen directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

## **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Governance Committee is responsible for identifying, screening and recommending to the Board candidates for Board membership. When formulating these recommendations, the Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

## **Board Membership Criteria**

The Board, with input from the Governance Committee, is responsible for periodically determining the appropriate skills, perspectives, experiences, and characteristics required of Board candidates, taking into account the Company's needs and current make-up of the Board. This assessment should include knowledge, experience, and skills in areas deemed critical to understanding the Company and its business; personal characteristics, such as integrity and judgment; and candidates' commitments to the boards of other companies. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a Director and that he or she devotes the time necessary to discharge his or her duties as a Director.

The Governance Committee is responsible for periodically reviewing and suggesting appropriate modifications to these qualification guidelines. The Board believes the qualification guidelines included as Exhibit A are currently appropriate, but it may change these guidelines as the Company's and Board's needs warrant.

## **Other Public Company Directorships**

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a director is a member. Board members are expected to promptly notify the Governance Committee of any changes in status on other public company boards and their committees.

## **Independence of the Board**

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors"). The Board defines an "Independent Director" in accordance with the listing standards of the New York Stock Exchange. The Board will determine independence in accordance with these listing requirements taking into consideration such facts and circumstances the Board considers relevant. The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have 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) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the New York Stock Exchange or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **Directors Who Change Their Present Job Responsibility**

The Board does not believe that non-employee directors who retire or change the primary employment position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to resign if requested to by the Governance Committee after such review.

## **Director Tenure**

In connection with each director nomination recommendation, the Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically reexamine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Governance Committee in connection with each director nomination recommendation.

## **Board Compensation**

A director who is also an officer of the Company shall not receive additional compensation for such service as a director. The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock, deferred share units or similar compensation whose value is based on the Company's stock. The Governance Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of all components of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed by the Governance Committee to the full Board for consideration. Director's fees (including additional amounts paid to the chairman of the board, the chairmen of Board committees and members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company. Any charitable contribution in excess of \$10,000 per year shall require the prior approval of the Board and Governance Committee.

## **Executive Sessions of Non-Management Directors**

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no less than four times a year. It is anticipated that these meetings will occur during regularly scheduled meetings of

the Board throughout the year. The non-management Chairman of the Board shall preside at such executive sessions, or in such director's absence, another Independent Director designated by the Chairman. In the event that the Chairman of the Board and Chief Executive Officer are the same person, then the Independent Director presiding over executive sessions shall be the Chairman of the Governance Committee. In the event the non-management Chairman of the Board is not an Independent Director, the Independent Directors of the Company shall meet in executive session without management or the non-management Chairman of the Board present at least one time per year, and the Independent Director presiding over that executive session shall be the Chairman of the Governance Committee.

### **Complaint Procedures**

Any employees or other interested parties desiring to voice their complaints or concerns regarding the Company with the Independent Directors of the Company may do so by the method set forth in the Company's Code of Business Conduct and Ethics, which shall be maintained on the Company's website.

### **Self-Evaluation by the Board**

The Governance Committee will oversee an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Governance Committee will utilize the results of this self evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

### **Strategic Direction of the Company**

Normally, it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of senior management and Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

### **Board Access to Management and Outside Advisors**

Board members, including non-employee directors, shall have access to the Company's management. Board members shall also have access to the Company's outside advisors and shall coordinate such access through the Chief Executive Officer. Members of the Audit Committee may retain separate counsel or other advisors to advise the Audit Committee, if needed, and shall coordinate the retention of such

advisors through the Audit Committee Chairman. The Chief Executive Officer shall ensure that there is adequate funding, as determined by the Audit Committee, for retention of such advisors.

### **Attendance of Management Personnel at Board Meetings**

The Board encourages the Chief Executive Officer to bring members of management from various functional areas into the Board meetings from time to time to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board.

### **Board Materials Distributed in Advance**

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. 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.

### **Board Interaction with Third Parties**

The Board believes that only authorized Directors, officers and advisors should speak for the Company. Each Director shall refer all inquiries from institutional investors, analysts, the press or customers, as well as all inquiries regarding potential mergers and acquisitions, to the Chief Executive Officer or an authorized Director or officer. Any proposed exceptions to this policy must first be discussed with and agreed to by the Chief Executive Officer prior to contact with such third parties.

### **Board Orientation and Continuing Education**

The Company shall provide new directors with orientation to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs if necessary to maintain expertise to perform his or her responsibilities as a director.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held each quarter.

### **Selection of Agenda Items for Board Meetings**

The Chief Executive Officer, in consultation with the Chairman of the Board, shall prepare an agenda for each meeting of the Board. Each Board member shall be free to suggest inclusion of items on an agenda as well as free to raise at any Board meetings subjects that are not specifically on the agenda for that meeting.

## **COMMITTEE MATTERS**

### **Number and Names of Board Committees**

The Company shall have three standing committees: Audit, Nominating and Corporate Governance, and Management and Compensation. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. Such charters shall be in compliance with all applicable laws, rules and regulations. The charters shall set forth the mission and responsibilities of the committees as well as qualifications for committee memberships, procedures for committee member appointment and removal, committee structure and reporting to the Board. The Chairman of each committee, in consultation with committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's respective charter. The Chairman of each committee shall develop the committee's agenda for each meeting. The agenda for each committee meeting shall be furnished to all Directors in advance of the meeting, and each independent Director may attend any meeting of any committee, whether or not they are a member of that committee. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

The Board and each committee shall have the power to hire and fire independent legal, financial or other advisors, as they may deem necessary. In general, it is assumed that the proposed hiring of any such advisors will be discussed in advance with the Chief Executive Officer or the General Counsel of the Company. The Company will provide adequate funding for any such advisors.

### **Independence of Board Committees**

Each of the Audit Committee, the Governance Committee and the Compensation Committee shall be composed of Independent Directors to the extent necessary to satisfy applicable legal, regulatory and stock exchange requirements.

## **Assignment and Rotation of Committee Members**

The Governance Committee shall be responsible, after consultation with the Chairman of the Board, and the President and Chief Executive Officer, for making recommendations to the Board with respect to the assignment of Board members to the various committees of the Board. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman and members to the committees on an annual basis. The Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

## **LEADERSHIP DEVELOPMENT**

### **Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's industry experience, understanding of the Company business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

### **Evaluation of Chief Executive Officer**

The Compensation Committee will provide the Chief Executive Officer with an annual performance review for the prior year. The Chairman of the Board and the Chairman of the Compensation Committee will provide the performance review of the Chief Executive Officer after consultation with the other members of the Board in executive session. The compensation of the Chief Executive Officer shall be set by the Compensation Committee.

### **Succession Planning**

The Board, in consultation with the Compensation Committee, shall plan for the succession to the position of Chief Executive Officer.

## **EXHIBIT A**

### **DIRECTOR QUALIFICATION GUIDELINES**

The Board of Directors of TETRA Technologies, Inc., or any of its Committees, in considering qualifications of Directors standing for re-election and candidates for Board membership will consider the following factors, in addition to those other factors it may deem relevant:

1. Strong management experience, ideally with public companies.
2. Other areas of expertise or experience that are desirable, given the Company's business and industry and the current make-up of the Board.
3. Desirability of range in age, so that retirements are staggered to permit replacement of Directors of desired skills and experience in a way that will permit appropriate continuity of Board members.
4. Independence, as defined by the Board.
5. Knowledge and skills in accounting and finance, business judgment, general management practices, crisis response and management, industry knowledge, international markets, leadership, and strategic planning.
6. Personal characteristics matching the Company's values, such as integrity, accountability, financial literacy, and high performance standards.
7. Additional characteristics, such as:
  - a) Willingness to commit the time required to fully discharge their responsibilities to the TETRA Board, including the time to prepare for Board and Committee meetings by reviewing the material supplied before each meeting;
  - b) Commitment to attend the annual meeting of stockholders and a minimum of 75% of all Board and relevant committee meetings;
  - c) Ability and willingness to represent the stockholders' long- and short-term interests;
  - d) Willingness to advance their opinions, but once a decision is made by a majority of the Board, a willingness to support the majority decision, assuming questions of ethics or propriety are not involved.
8. The number of commitments to other entities, with one of the more important factors being the number of other public company boards on which the individual serves.