

# **Penguin Solutions, Inc.**

## **Corporate Governance Guidelines**

The Board of Directors (the “Board”) of Penguin Solutions, Inc. (together with its subsidiaries, “Penguin Solutions” or the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in exercising its responsibilities. The Guidelines should be interpreted in the context of all applicable laws and the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (as may be hereafter amended, the “Governance Documents”) and other corporate governance documents. The Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making at the Board and management levels, with a view to enhancing stockholder value over the long term. The Guidelines also ensure that the Board will have the necessary authority and practices in place to review and evaluate the Company’s business operations as needed and to make decisions that are independent of the Company’s management. The Guidelines are subject to modification from time to time as the Board deems necessary or advisable and in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

### **1.0 Board Membership Criteria; Director Qualifications; Size and Composition of the Board**

The Board is elected by the stockholders to oversee the Company’s management and ensure that the long-term interests of the stockholders are served. The Board is the ultimate decision-making authority within the Company, except with respect to those matters, including the election of directors, that are reserved for the Company’s stockholders. Each director is expected to discharge his or her duties in good faith and in a manner the director reasonably believes are in the best interests of the Company.

#### **1.1 Selection of Director Candidates and Board Membership Criteria**

The Board is responsible for nominating director candidates for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee of the Board (the “Nominating and Corporate Governance Committee”) is responsible for identifying, screening and recommending director candidates to the full Board, taking into consideration the needs of the Board and the qualifications of the candidates. The Board, based on the recommendation of the Nominating and Corporate Governance Committee, will also review each director’s candidacy for appointment or continuation on the Board in connection with the director’s election or re-election.

In evaluating the suitability of director candidates and when considering whether to nominate a director for election or re-election, as appropriate, the Nominating and Corporate Governance Committee and the Board take into account many factors as approved by the Board from time to time. In making its recommendations to the Board, the Nominating and Corporate Governance Committee shall:

- Review candidates' qualifications for membership on the Board (including making a specific determination as to the independence of the candidate) based on the criteria approved by the Board, such general understanding of various business disciplines (e.g., marketing, finance, etc.), the Company's business environment, educational and professional background, analytical ability, independence, mix of experience, viewpoints and backgrounds, willingness to devote adequate time to Board duties, ability to act in and represent the best interests of the Company and its stockholders as a whole, rather than special constituencies, and candor toward other directors, management and professionals retained by the Company, the Board or its committees (and taking into account the enhanced independence, financial literacy and financial expertise standards that may be required under law or by Nasdaq rules for audit committee and compensation committee membership purposes);
- Evaluate current directors for re-nomination to the Board at which time the Nominating and Corporate Governance Committee can take into account or rely on the self-evaluations done by the Board members; and
- Periodically review the composition of the Board in light of the current challenges and needs of the Board and the Company, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, age, skills, background, conflicts, and experience.

The Nominating and Corporate Governance Committee also considers the impact of any change in the principal occupation of existing directors. The Nominating and Corporate Governance Committee reports to the full Board its conclusions and recommendations for nominations to the Board.

## **1.2 Board Size**

The Board intends to have a number of members, consistent with the Governance Documents. Although the Board considers its present size to be appropriate, it may consider expanding its size to accommodate its needs or reducing its size if the Board determines that a smaller Board would be more efficient. The Nominating and Corporate Governance Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

### **1.3 Independence**

A majority of the Board shall be composed of directors meeting the independence requirements of Nasdaq at a minimum. The Board shall make an affirmative determination at least annually as to the independence of each director pursuant to the Nasdaq listing standards. Each independent director is expected to promptly disclose to the Board any existing or proposed relationships or transactions that could impact his or her independence.

### **1.4 Term and Age Limits**

The Board recognizes the importance of board renewal, but has not established term limits. While term limits offer some advantages, the Board believes that any benefit is outweighed by the disadvantage of losing experienced directors who have developed valuable insight into the Company and its operations during the course of their service on the Board. As an alternative to term limits, the Nominating and Corporate Governance Committee shall review the current effectiveness and performance of each director to the Board before recommending the nomination of that director for an additional term.

No director shall be nominated for election or re-election or reappointed to the Board after reaching the age of 75; provided, however, that the Board in its discretion may nominate any such director for re-election upon its determination that it is in the best interests of the Company and its stockholders for that director to continue his or her service on the Board in light of his or her particular contributions or expertise.

### **1.5 Simultaneous Service on Other Company Boards**

A director must notify the Chair of the Nominating and Corporate Governance Committee prior to accepting any invitation to serve on another company board or not-for-profit/tax-exempt board or with a government or advisory group that is expected to require significant commitments of time, in order for Penguin Solutions to confirm the absence of any actual or potential conflict of interest.

### **1.6 Changes in Primary Employment**

If a director significantly changes his or her primary employment during his or her tenure, that director must notify the Nominating and Corporate Governance Committee. Management directors must notify the Board upon their resignation, removal or retirement as an officer of the Company. A director shall promptly notify the Chair of the Board and the Secretary of the Company in the event of any change or anticipated change in his or her affiliations, activities or professional or personal circumstances that (i) may create a conflict or potential conflict of interest, (ii) may trigger any Company reporting obligation, (iii) may result in the director engaging in significant political activity (such as participating in a visible leadership position in a political campaign, running for office or accepting an elected or appointed

political office), (iv) has the potential to cause embarrassment, negative publicity or reputational harm to the Company or the director, and/or (v) could result in a possible inconsistency with the Company's policies or values. The Nominating and Corporate Governance Committee shall evaluate the continued appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action to be taken.

## **1.7 Stock Ownership**

The Board believes that directors and officers should hold meaningful equity ownership positions in Penguin Solutions. The Compensation Committee may recommend to the Board changes to the Company's Director and Officer Stock Ownership Retention Policy and other director and officer ownership guidelines.

## **1.8 Conflicts of Interest**

All directors must comply with the applicable provisions of the Conflicts of Interest section of the Company's Code of Business Conduct and Ethics. Each director is expected to promptly disclose to the Chief Legal Officer or Board, as applicable, any existing or proposed relationships or transactions that involve or could give rise to a conflict of interest. The Nominating and Corporate Governance Committee shall then review the appropriateness of that director's continued service on the Board in light of the conflict and make a recommendation to the Board as to any action to be taken.

## **2.0 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 Penguin Solutions. In fulfilling this role, each director must act in what he or she reasonably believes to be in the best interests of Penguin Solutions and its stockholders, must exercise his or her business judgment in good faith and ensure that the business of Penguin Solutions is conducted so as to further the long-term interests of its stockholders.

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

Penguin Solutions expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of Penguin Solutions and the general business and economic trends affecting Penguin Solutions. 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. Directors are also encouraged to attend the Company's annual meetings of stockholders.

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

## **2.2 Company Performance and Corporate Strategy**

The Board reviews the Company's financial performance on a regular basis at Board meetings and through periodic updates, with a particular focus on peer and competitive comparisons. These reviews include the views of management as well as those of investors and securities analysts.

The Board also conducts an annual meeting to review and approve Penguin Solutions' long-term strategy, and assess its strategic, competitive, and financial performance.

## **3.0 Board Agenda**

The Chair of the Board, in conjunction with the Chief Executive Officer ("CEO") (should the roles be separated), establishes on an annual basis, an agenda of topics for consideration and review by the Board to be addressed during the following year. This annual schedule of topics is then provided to the full Board for review and comment and is adjusted, as appropriate, during the year. The Chair of the Board, in conjunction with the CEO (should the roles be separated), 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.

## **4.0 Chair of the Board and CEO**

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

## 5.0 Lead Director

The Chair of the Board and the CEO are free, as is the Board as a whole, to elect one director to provide leadership in a given situation should a special need arise. Such a lead director shall assume the following responsibilities:

- Preside at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors;
- Serve as liaison between the Chair and the independent directors;
- Approve meeting agendas for the Board;
- Approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Have the authority to call meetings of the independent directors; and
- If requested by major stockholders, ensure that he or she is available for consultation and direct communication.

## 6.0 Meetings of Non-management Directors

Penguin Solutions' non-management directors shall regularly schedule executive sessions in which management does not participate. If this group includes directors who are not considered independent, the independent directors must also meet in executive sessions at least twice a year. These executive sessions may include such topics as the non-management or independent directors determine. During these executive sessions, the non-management or independent directors shall have access to members of management and other guests as they may determine.

## 7.0 Board Committees

The Board shall have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Subject to any changes that the Board may make from time to time:

- The Audit Committee of the Board (the "Audit Committee") shall generally be responsible for overseeing the integrity of the Company's financial statements, its independent auditor, its internal audit function and compliance by the Company with legal and regulatory requirements;
- The Compensation Committee of the Board (the "Compensation Committee") shall generally be responsible for overseeing the Company's executive compensation and benefits policies,

evaluating executive officer performance and compensation, and overseeing director compensation; and

- The Nominating and Corporate Governance Committee shall generally be responsible for identifying qualified Board candidates, recommending director nominees and appointments to Board committees, evaluating Board performance, overseeing the Company's management succession plan, and overseeing these Guidelines.

Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall operate pursuant to its own written charter. These 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 reporting to the Board. The charters shall also provide for an annual or periodic review of each committee's charter and for a periodic review of each committee's performance.

Only independent directors meeting the independence requirements of Nasdaq and, for Audit Committee and Compensation Committee members, meeting Rule 10A-3 of the Securities Exchange Act of 1934 for Audit Committee members and any related rules promulgated by the Securities and Exchange Commission, may serve on these three committees, provided that the Board may elect to take advantage of any exception from such requirements provided in the Nasdaq rules, these Guidelines and any other requirements deemed by the Board to be applicable, including any requirements imposed by the Securities and Exchange Commission or the Internal Revenue Service. Committee members shall be appointed by the Board based upon the recommendation of the Nominating and Corporate Governance Committee, except for the Nominating and Corporate Governance Committee, which is directly appointed by the Board. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of Penguin Solutions.

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

## **8.0 Board Member Access to Management and Independent Advisors**

Board members shall have access to the management and employees of Penguin Solutions and to its internal and outside counsel and auditors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary.

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 managers and other employees to Board meetings where such managers



and other employees 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 Penguin Solutions.

The Board and each of its committees, in accordance with their respective charters, is authorized to hire independent legal, financial or other advisors as they may consider necessary, without conferring with or obtaining the approval of management or, in the case of committees, the full Board in accordance with their respective charters, for which Penguin Solutions shall pay the fees and expenses.

## **9.0 Director Communications with Third Parties**

Unless otherwise indicated in these Guidelines or Penguin Solutions' policies, all requests for communications with individual directors or the Board by stockholders, analysts, or media outlets shall initially be made to the Secretary. Generally, management speaks for Penguin Solutions, and the Chair speaks on behalf of the Board. Other communications between individual directors and interested parties may be held at the request of the Board or the CEO and Chair.

## **10.0 Director Compensation**

The Compensation Committee shall annually review and recommend to the Board the compensation (including equity-based compensation) for the Company's independent directors. In so reviewing and reporting such compensation to the Board, the Compensation Committee shall, among other things:

- Identify corporate goals and objectives relevant to director compensation; and
- Evaluate the performance of the Board in light of such goals and objectives and recommend director compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of Penguin Solutions (including the cost to Penguin Solutions of such compensation).

The Board determines its director compensation practices after the Compensation Committee completes this review and report. It is the general policy of the Board that Board compensation should be a mix of cash and equity-based compensation. Directors who are also Penguin Solutions employees will receive no additional compensation for their service as directors.

### **10.1 Contributions to Tax-exempt Organizations**

Proposed contributions or pledges of contributions to tax-exempt organizations by Penguin Solutions within any such organization's given fiscal year in an aggregate amount of \$1 million or more, or 2% of the annual consolidated gross revenues of the organization, whichever is greater, to an entity for which a



director or a member of his or her immediate family serves as a director, officer, or member of such entity's fundraising 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 contributions to tax-exempt organizations or pledges made by Penguin Solutions during the fiscal year in an amount of \$1 million or more, or 2% of the annual consolidated gross revenues of the organization, whichever is greater, to an entity for which a director or executive officer, or a member of his or her immediate family, serves as a director, officer, or member of such entity's fundraising organization or committee.

## **11.0 Director Orientation and Continuing Education**

The Nominating and Corporate Governance Committee is responsible for developing and overseeing an orientation program for new directors and a continuing education program for all directors. All new members of the Board are required to participate in Penguin Solutions' orientation program for directors. The orientation program will include discussions with and presentations by senior management and visits to Penguin Solutions' facilities, and provide new directors with a review of Penguin Solutions' financial position, an overview of the industry in which Penguin Solutions operates and competes and an introduction to the regulatory and legal environment that affects Penguin Solutions' business, as well as governs directors' fiduciary duties.

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

## **12.0 Management Evaluation and Management Succession**

The Compensation Committee shall evaluate the performance of the CEO at least annually. The Compensation Committee establishes the evaluation process and determines the criteria by which the CEO is evaluated. The results of this review are communicated to the CEO.

The Compensation Committee shall evaluate the performance of the executive officers of Penguin Solutions 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 Penguin Solutions in the long and short-term.

The Nominating and Corporate Governance Committee shall review and report to the Board on Penguin Solutions' management succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO. Periodically the CEO shall provide a report to the

Nominating and Corporate Governance Committee recommending and evaluating potential successors, including successors in the event of an unexpected emergency, along with a review of any development plans recommended for such individuals.

### **13.0 Periodic Performance Evaluation**

The Board, led by the Nominating and Corporate Governance Committee, shall establish and conduct periodic self-evaluations to determine whether it and its committees are functioning effectively. The collective evaluation shall be presented by the Chair of the Nominating and Corporate Governance Committee or a designee of the Chair of the Nominating and Corporate Governance Committee to the full Board for discussion. This process shall also include periodic self-assessments by each Board committee, relying on a review process similar to that used by the Board, and an external assessment of the Board conducted by a third-party consultant at least once per three-year period.

### **14.0 Confidentiality**

The proper functioning of the Board requires a candid and open exchange of information, ideas and opinions among directors in an atmosphere of trust, confidence and mutual respect. Directors have an affirmative duty to protect and hold confidential all non-public information obtained in the role of a Board or committee member. Accordingly:

- No director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- No director shall disclose Confidential Information to any person or entity outside the Company, either during or after his or her service as a director of the Company, except with express prior authorization of the Company's Chief Legal Officer or the Chair of the Board or as may be otherwise required by law (in which event a director shall promptly advise the Chief Legal Officer and the Chair of such anticipated disclosure and take all reasonable steps to minimize the disclosure of such Confidential Information). In considering whether to permit a director to share Confidential Information, the Chief Legal Officer or Chair may consider, among other things, whether sharing the information would give rise to a conflict and/or potential harm, including whether the information is protected by attorney-client privilege.

For purposes of these Guidelines, "Confidential Information" is all non-public information (whether or not material to the Company) entrusted to or obtained by a director by reason of his or her position as a director of the Company. In addition to information regarding Board and committee meetings, discussions, deliberations and decisions, Confidential Information includes, but is not limited to, non-

public information that might be of use to competitors or harmful to the Company, its customers, suppliers or other stakeholders if disclosed, including but not limited to:

- Non-public information about the Company's financial condition, forecasts, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock splits and divestitures;
- Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and
- Non-public information about discussions, deliberations and decisions relating to business issues between and among Company employees, officers and directors.