

**DEPARTMENT: BOARD OF DIRECTORS****SOP# I-020**

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Approved by:

**Title: CHAIRMAN OF THE BOARD**

**Policy:** Alto Ingredients, Inc. ("Company") will have a lead director of its Board of Directors to function as the liaison between the Board and the Chief Executive Office and other Executive Management members.

**Purpose:** This policy defines the duties and responsibilities of the Chairman of the Board.

**Procedures:****1.0 Creation and Revision**

The Company Board of Directors has adopted a "lead director" structure where one director is selected to as the Chairman and serves as an interface between the Chief Executive Officer and the full Board. The Chairperson will be made by majority vote of the independent directors at the time. Various parts of that role may, however, be undertaken from time to time by one or more directors on an informal basis with the advance approval of the Chairman. His or her duties include assisting the Board in assuring compliance with and implementation of the Company's governance guidelines, coordinating the agenda for and moderating sessions of the Board's independent directors, and acting as the principal liaison between the independent directors and the Chief Executive Officer on sensitive issues.

**2.0 Duties and Responsibilities****2.1 Conduct of Meetings**

The Chairman will conduct Board meetings on the assumption that each director has carefully reviewed all Board materials, and fairly facilitate open, candid, and respectful discussions. The focus at Board meetings will be strategic items.

**2.2 Frequency of Meetings**

Per I-010 Board of Directors, the Board must have at least four (4) quarterly meetings a year but business requirements will likely dictate that they have at least six (6) regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. At least once annually, the Board will devote extended meeting(s) to a review of the Company's long term strategic and business plans.

**2.3 Agenda**

The Chairman of the Board will establish and distribute in advance the agenda for each Board meeting. Any director is free to suggest potential items for the agenda. An overall agenda for the full Board and each Committee should be disseminated each year as soon as reasonably practicable following the annual meeting of shareholders.

## **2.4 Executive Sessions of Independent Directors**

The independent directors will meet in executive session at least once per quarter at regularly scheduled Board meetings, and otherwise as needed. Such sessions will be chaired by an independent director selected by a majority of the independent directors, who will also establish an agenda for such meetings.

## **3.0 Governance Decisions**

Decisions on matters of corporate governance will be made with the approval of a majority of the independent directors.

## **4.0 Attendance of Non-Directors at Board Meetings**

Attendance of any non-director at any Board meeting is subject to the discretion of the Board. Subject to that, the Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the matters being discussed and/or have potential as future members of senior management. Board approval should be sought if the Chief Executive Officer wishes to add additional personnel as attendees at Board meetings on a regular basis.

## **5.0 Information Provided to the Board; Communications**

The Chairman will take steps to assure all Board members have adequate information about matters to be discussed at each meeting.

### **5.1 Pre-Meeting**

Information that is important to the matters that will be discussed at Board meetings will be distributed at least five days in advance of the meeting, if possible, so that Board meeting time can be conserved for substantive discussion.

### **5.2 Between Meetings**

The Chief Executive Officer should continue to advise the Board candidly of any significant developments between meetings, through a suitable method of communication as agreed upon by the full Board.

### **5.3 Communications**

Candid, regular discussion between the directors and the Chief Executive Officer, and among directors, is encouraged. The Chief Executive Officer will make full use of the Board's talents to the extent feasible and appropriate by conferring with directors about Company matters within the directors' areas of expertise.

### **6.0 Counsel and Advisors.**

The Board and each of its Committees may retain outside legal counsel and other advisors at their discretion and as they deem necessary and appropriate and at the expense of the Company.