

**Corporate Governance Guidelines**  
**of**  
**Forward Air Corporation**

**As of February 4, 2020**

## **Corporate Governance Guidelines of Forward Air Corporation**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Forward Air Corporation (the “Company”) to assist the Board in carrying out its fiduciary and other responsibilities effectively. These Corporate Governance 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 shareholder value. These Corporate Governance Guidelines are not intended to affect the application of, or interpret any, Federal or state law or regulation, including the Tennessee Business Corporation Act, the listing standards of The Nasdaq Stock Market (“Nasdaq”) or the Company’s Charter or Bylaws. The Corporate Governance and Nominating Committee is responsible for reviewing these Corporate Governance Guidelines periodically and advising the Board with respect thereto. The Board may modify these Corporate Governance Guidelines from time to time to, among other things, reflect the evolution of applicable regulatory requirements and the Company’s corporate governance practices.

### **THE BOARD**

#### **Role of Directors**

The Board is elected by shareholders to provide oversight and strategic guidance to senior management. The core responsibility of each member of the Board is to exercise his or her fiduciary duty to act in a manner that he or she reasonably believes to be in the best interests of the Company and its shareholders. The business and affairs of the Company shall be managed under the direction of the Board. The Board selects and oversees the members of senior management, to whom the Board delegates the authority and responsibility for the conduct of the day-to-day operations of the business.

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 and executive sessions of the Board and committees on which such director sits, and, prior to meetings, review material distributed in advance for such meetings. A director is also expected to attend the Company’s annual shareholder meeting. 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.

#### **The Board’s Goals**

The Board’s goal is to build long-term value for the Company’s shareholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the President and Chief Executive Officer, and offer the President and Chief Executive Officer constructive advice and feedback.

When it is appropriate or necessary, it is the Board's responsibility to remove the President and Chief Executive Officer and to select a successor.

### **Selection of the Chairman of the Board**

The Board elects the Chairman of the Board. Under the Company's Bylaws, the offices of Chairman of the Board and President and Chief Executive Officer may be held by the same person, provided that the Chairman of the Board must be a director of the Company. In electing a Chairman of the Board, the Board exercises its collective best judgment as to the candidate best suited to meet the Company's needs at a given time or during a given period. The Corporate Governance and Nominating Committee shall be responsible for advising the Board with respect to the selection of the Chairman of the Board.

### **Selection of Lead Independent Director**

In the event that the Chairman of the Board is an employee of the Company or is otherwise not an independent director, the Board will elect a Lead Independent Director. The Corporate Governance and Nominating Committee shall be responsible for advising the Board with respect to the selection, duties, responsibilities and compensation of the Lead Independent Director.

### **Size of the Board**

The Board has the authority under the Company's Bylaws to set the number of directors provided that the number shall not be less than required by Tennessee law. The Corporate Governance and Nominating Committee from time to time reviews the size of the Board and makes recommendations to the Board as appropriate, with a view to promoting diversity without hindering effective discussion or diminishing individual accountability. The Board may, for example, increase its size to accommodate the availability of outstanding candidate(s) or reduce its size (or maintain a vacancy or vacancies) if it cannot identify suitable candidate(s) meeting the Board's director qualification standards.

### **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 shareholders. The Corporate Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Corporate Governance and Nominating Committee shall also consider advice and recommendations from others as it deems appropriate. The Corporate Governance and Nominating Committee shall also consider director candidates recommended for nomination by shareholders, provided that such shareholder recommendation is submitted in accordance with the procedures set forth in the Company's Bylaws. The Corporate Governance and Nominating Committee evaluation process shall not vary based on whether or not a director candidate is recommended by a shareholder, except that the Corporate Governance and Nominating Committee may also take into consideration the number of shares of Company stock held by the recommending shareholder and the length of time that such shares have been held.

## **Board Membership Criteria**

Nominees for director shall be selected on the basis of, among other things, the nominee's possession of such knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of the committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation, Nasdaq listing standards and the Company's Bylaws and other corporate governance documents.

The Corporate Governance and Nominating Committee shall be responsible for assessing the appropriate balance of criteria required of Board members and for making any recommendations to the Board.

## **Voting for Directors**

Any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall tender his or her resignation for consideration by the Corporate Governance and Nominating Committee. The Committee shall recommend to the Board the action to be taken with respect to the resignation. The Board will publicly disclose its decision within 90 days of the certification of the election results.

## **Independence of the Board**

It is the policy of the Board that a majority of the members of the Board will be composed of directors who qualify as independent directors under the listing standards of Nasdaq and may be subject to additional qualifications prescribed under the Company's Bylaws or other corporate governance documents or under applicable law.

The Board shall review annually the direct and indirect relationships that each director has with the Company and will evaluate whether such relationships may impair a director's independence. Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company will be considered independent directors, subject to additional qualifications prescribed under the listing standards of Nasdaq, the Company's Bylaws or other corporate governance documents or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **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, each Board member must ensure that other existing and anticipated future commitments do not materially interfere with the member's service as a director. No member of the Audit Committee may serve on more than two other public company audit committees. The Corporate Governance and Nominating Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member. Current Board members must advise the Chairman of the Board and the Chief Legal Officer in advance of accepting an invitation to serve on another public company Board. The Board's Corporate Governance and Nominating

Committee will, at least annually in conjunction with its review of director independence, review all directors' other commitments, including their services on the boards of other public companies.

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

Directors who are also employees of the Company are expected to submit their resignation to the Board at the same time they leave employment with the Company. The Board's Corporate Governance and Nominating Committee will review the circumstances relating to such employee's termination of employment and determine whether it is appropriate for the terminated officer to continue to service on the Board.

Non-employee directors of the Board must submit a letter of resignation to the Board upon a substantial change in the nature of the director's employment or other significant responsibilities since the time of his or her election. In each case, the Board's Corporate Governance and Nominating Committee will review the continued appropriateness of the affected director remaining on the Board under the circumstances.

### **Director Tenure**

In connection with each director nomination recommendation, the Corporate Governance and Nominating 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 willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Corporate Governance and Nominating 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 or similar compensation. The Corporate Governance and Nominating 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 both direct and indirect forms 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 to the full Board for consideration.

Director's fees (including equity grants pursuant to the Company's Amended and Restated Non-Employee Director Stock Option Plan and any additional amounts paid to 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.

### **Stock Ownership Guidelines for Independent Directors**

The Board believes that Directors more effectively represent the Company's shareholders, whose interests they are charged with protecting, if they are shareholders themselves. Therefore, the Company's independent directors shall own shares of the Company's common stock, with a value equal to at least five (5) times the annual cash retainer for independent Directors. Each new independent Director shall have three (3) years from the date he/she joins the Board to obtain this ownership stake.

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

The Board will conduct an evaluation of its performance with a particular focus on overall effectiveness. The evaluation will take place in three parts. Part I consists of an annual assessment by the Board as a whole with respect to its processes, including the effectiveness of the meeting process. Part II consists of a biennial self-evaluation by each director of his or her competencies, together with an assessment of each of the other director's competencies. Each director will be provided with a summary of his or her competency ratings and will have an opportunity to discuss the outcome of the evaluation with the Chairman of the Board or Lead Independent Director, as appropriate. Part III consists of an annual evaluation by each director of the effectiveness of the Chairman of the Board. As in the case of the individual director evaluations, the Chairman will be provided with a summary of his or her ratings and will have an opportunity to discuss the outcome of his or her evaluation with the Board, Lead Independent Director, if any, and management. The individual evaluations will include a review of any areas in which members of the Board believe that other directors or the Chairman can make a better contribution to the Company. The Corporate Governance and Nominating 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 President and Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who aren't directors may be invited to participate in Board meetings when appropriate.

### **Board Access to Management**

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the President and Chief Executive Officer, and Board members will use judgment to assure that this access

does not unreasonably impair management's ability to attend to the business operations of the Company.

### **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 Institutional Investors, Analysts, Press and Customers**

The Board believes that management generally should speak for the Company. Each director should refer all inquiries from institutional investors, analysts, the press or customers to the President and Chief Executive Officer or his or her designee.

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

The Company shall provide new directors with a director orientation program 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 in order to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Corporate Governance and Nominating Committee is responsible for providing guidance on directors' orientation and continuing education.

### **Independent Advisors**

The Board may, at the Company's expense and without prior approval of, or consultation with, any officer of the Company, consult with and retain such independent advisors (*e.g.*, consulting, financial, accounting and legal advisors), as it may deem appropriate. Each committee of the Board may, at the Company's expense and without prior approval of, or consultation with, the Board or any officer of the Company, consult with and retain such independent advisors (*e.g.*, consulting, financial, accounting and legal advisors), as it may deem appropriate.

The Audit Committee shall have exclusive authority to engage and terminate the Company's independent auditors in accordance with its charter.

### **Shareholder Communication with the Board**

The Board has established a process to receive communications from shareholders. Shareholders may contact any member(s) of the Board by mail at the Company's corporate office, addressed to the attention of the "Company Secretary" ("Shareholder Communication"). The Company's Chief Legal Officer shall open all Shareholder Communication for the sole purpose of determining whether the contents represent correspondence to any member of the Board or any

group or committee of directors. Any Shareholder Communication that is not in the nature of advertising, promotions of product or service, or patently offensive material will be forwarded promptly to the member(s) of the Board to whom the Shareholder Communication is addressed. In the case of any Shareholder Communication to the Board or any group or committee of directors, the Chief Legal Officer's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope is addressed.

### **Board Member Attendance at Annual Meetings**

Each member of the Board shall attend the Company's annual meetings of shareholders. If any member of the Board is unable to attend an annual meeting, such member shall provide the Company with advance notice, if possible, stating the reason(s) why such member is unable to attend.

## **BOARD MEETINGS**

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

The Chairman of the Board, in consultation with the President and Chief Executive Officer, the chairs of the Board committees and the Lead Independent Director, if any, establishes the agenda for Board meetings. Directors are encouraged to suggest items for inclusion on the agenda and may raise at any Board meeting subjects not specifically on the agenda. The Chairman of the Board or Lead Independent Director, as appropriate, and/or the chair(s) of the relevant Board committee(s) will determine the agenda for private meetings of the independent directors.

### **Attendance at Meetings**

Directors are expected to regularly attend Board and Board committee meetings and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Generally, directors who attend less than seventy-five percent (75%) of the Board and relevant Board committee meetings for two (2) consecutive years will be deemed poor performers.

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

The Board encourages the President and Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve such managers; (ii) make presentations to the Board on matters which involve such managers; 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. Should the President and Chief Executive Officer desire to include non-director members of management as attendees at Board meetings on a regular basis, this should be suggested to the Board for its concurrence.

### **Separate Sessions of Independent Directors**

The independent directors of the Company shall meet in executive sessions without management on a regularly scheduled basis, but not less frequently than quarterly. The Chairman or Lead

Independent Director, if any, shall preside at such executive sessions, or in his or her absence, an independent director designated by such Chairman or Lead Independent Director.

## **COMMITTEE MATTERS**

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

The Company shall have four standing committees, an Audit Committee, a Corporate Governance and Nominating Committee, a Compensation Committee and an Executive Committee. The purpose and responsibilities for each of the Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee shall be outlined in a committee charter which shall comply with applicable laws, rules and regulations, including those of the Securities and Exchange Commission and Nasdaq. 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.

### **Independence of Board Committees**

Each of the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and Nasdaq requirements necessary for an assignment to any such committee.

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

The Corporate Governance and Nominating Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Corporate Governance and Nominating Committee's recommendations, the Board shall be responsible for appointing the chairpersons and members to the committees on an annual basis.

The Corporate Governance and Nominating Committee shall annually review the committee assignments and shall consider the rotation of the chairmen 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 President and Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

## **Evaluation of Chief Executive Officer**

The Board will provide the Chief Executive Officer with an annual performance review for the prior year at the first regularly scheduled meeting of the Board each fiscal year. The Compensation Committee will oversee the process and ensure that the following steps are utilized to carry out this review:

- The President and Chief Executive Officer will develop a self-evaluation at the end of each fiscal year and provide this to the Board within one month of the end of the fiscal year, either orally or in writing.
- With this information, each non-employee director will provide his or her assessment of the President and Chief Executive Officer's performance in writing to the Compensation Committee. These assessments should include the director's appraisal of:
  - The Company's performance and the President and Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;
  - Achievement of personal goals set by the President and Chief Executive Officer for the year and agreed upon by the Compensation Committee, as part of his or her self-evaluation; and
  - Other aspects of the President and Chief Executive Officer's performance which the non-employee director deems relevant.

The Compensation Committee will synthesize this information and report a summary of this information to the non-employee directors in executive session at the next regularly scheduled meeting of the Board each fiscal year. After agreement by the non-employee directors to the evaluation, the chairman of the Compensation Committee will meet with the President and Chief Executive Officer to discuss the Board's assessment. The President and Chief Executive Officer may then take the opportunity to discuss his or her reaction to the evaluation.

## **Succession Planning**

The Board shall plan for the succession to the position of the President and Chief Executive Officer and, as determined by the Board to be necessary or appropriate, for other senior executives of the Company. The Corporate Governance and Nominating Committee, in conjunction with the Compensation Committee, oversees and periodically reports to the Board on succession planning. The entire Board will work with the Corporate Governance and Nominating Committee to nominate and evaluate potential successors to the President and Chief Executive Officer. To assist the Board, the President and Chief Executive Officer periodically provides the Board with an assessment of senior executives and their potential to succeed to the position of President and Chief Executive Officer, as well as his perspective on potential candidates from outside the Company. The President and Chief Executive Officer also provides

the Board from time to time with an assessment of potential successors to key senior executive positions.

**Periodic Review of Corporate Governance Guidelines**

The Corporate Governance and Nominating Committee shall periodically review these Corporate Governance Guidelines and will recommend changes to the Board as necessary.

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