

# **POLYCOM, INC.**

## **CORPORATE GOVERNANCE PRINCIPLES**

**As Amended Effective February 2, 2012**

These principles have been adopted by the Board of Directors (the "Board") of Polycom, Inc. (the "Company") for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

### **1. Role of the Board**

The primary role of the Board of Directors at the Company is to oversee management by monitoring the performance of the chief executive officer (CEO) and other senior management with the objective of building long-term sustainable growth in shareholder value. The Directors provide oversight in the formulation of the long term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board oversees and reviews the standards and policies designed and implemented by senior management to ensure that the employees and other constituents of the Company are committed to achieving corporate objectives through the highest standards of responsible conduct and ethical behavior, transparency and compliance with legal requirements.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long term value of the company for the benefit of shareholders. The Board and management also recognize that creating long term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Company's employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The Directors know their position requires them to ask probing questions of management and outside advisors. The Directors also rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Company's expense if they feel it is appropriate.

## **2. Selection of Chairman of the Board and CEO**

The Board shall fill the Chairman of the Board (Chairman) and CEO positions based upon the Board's view of what is in the best interests of the Company at any point in time. Currently, the Board separates the Chairman and CEO positions, and the Chairman is an independent Director.

## **3. Responsibilities of the Chairman**

The principal responsibilities of the Chairman are to consult with the CEO regarding the agenda for meetings of the Board, schedule and prepare agendas for meetings of independent Directors, communicate with the CEO, act as principal liaison between the independent Directors and the CEO on sensitive issues and raise issues with management on behalf of the independent Directors when appropriate. All members of the Board are encouraged to communicate with the CEO.

## **4. Committees**

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee ("Corporate Governance Committee"). The roles of the committees are described in their respective charters. The Board delegates substantial responsibilities to each committee, and each committee should consist solely of independent Directors, as defined by The Nasdaq Stock Market, Inc. Marketplace Rules ("Nasdaq Rules"). The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined by the Board.

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

Committee members should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, annually upon recommendation by the Corporate Governance Committee. Composition of the committees of the Board should be reviewed each year to make certain that these committees are operating effectively and have appropriate representation. While each committee member and committee chair is periodically considered for rotation, it is the Board's belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management. In making the decision for rotation of committee membership and chair position, the Board will take into consideration the expertise of the individual committee member and the expertise of the other directors available for these positions.

## **6. Frequency and Length of Committee Meetings**

Each committee chairperson, in consultation with committee members, will determine the frequency and length of committee meetings, considering all relevant factors such as the committee's mandate, nature of current committee business to be discussed and the like. Moreover, the committee chairperson may call additional committee meetings at times other than the scheduled meetings of the full Board.

## **7. Committee Charters and Agendas**

Each committee shall have its own charter, which will set forth the principles, policies, objectives and responsibilities of the committee. Annually, each committee should review the existing committee charter and determine whether any amendments are required. Committee charters should be within the scope of authority granted by the Board and should be approved by the Board. The chairperson of each committee, in consultation with appropriate members of management and staff, should develop the overall annual agenda. In addition, each committee chairperson should prepare an agenda prior to each committee meeting and should consult with appropriate members of management for additional items which should be included in the agenda. Any committee of the Board is authorized to engage its own outside advisors at the Company's expense, including legal counsel or other consultants, as required, provided that the committee shall promptly advise the full Board of such engagement.

## **8. Code of Conduct, Conflicts of Interests, Related Party Transactions and Complaints Process**

The Corporate Governance Committee shall review the Company's code of business ethics and conduct and recommend changes and amendments to the full Board for approval; and shall consider and review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers other than related party transactions reviewed by the Audit Committee. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

The Audit Committee shall: review and approve in advance any proposed related party transactions (as defined in Item 404 of Regulation S-K) in compliance with Nasdaq Rules and must present material related party transactions to the full Board for approval, review and approve the financial code of ethics for its senior financial officers, monitor compliance with the Company's financial code of ethics and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

## **9. Board Meetings and Agenda Items**

The Board of Directors has no fewer than four regularly scheduled meetings each year at which it reviews and discusses management reports on the performance of the company, its plans and prospects, as well as more immediate issues facing the company. The Chairman (in consultation with the CEO) will set the agenda for each Board meeting. Each Board member is free to suggest inclusion of items on the agenda. A representative from the Company's outside counsel should be available to attend each Board meeting. The Board will review the Company's long-term strategic plans during at least one Board meeting per year.

## **10. Board Materials Distributed in Advance**

As a general rule, and to the extent possible, information and data which is important to the Board's understanding of matters to be discussed at a meeting and the current status of the Company's business should be distributed in writing to the Board a sufficient number of days before the meeting to enable the Directors to read and prepare for the meeting and to conserve appropriate time for Board discussion.

## **11. Board Attendance and Participation**

Directors are expected to prepare for, attend, and actively participate in all Board and applicable Committee meetings. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

## **12. Regular Attendance of Management at Board Meetings**

It is anticipated that certain members of management (e.g., the Chief Financial Officer, the General Counsel and such other members of the executive staff as the CEO may from time to time designate) will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time. Specifically, the Board encourages management to schedule managers to be present at Board meetings who can provide additional insight into the items being discussed as well as to provide the Board with more exposure to Company management. It is understood that Company personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session.

## **13. Meetings of Independent Directors and with Outside Auditors**

It is the policy of the Board to have separate meeting times for independent directors without management. Such meetings should be held as a part of the four regularly scheduled board meetings and at such other times as requested by an independent director. In addition, the Audit Committee of the Board should meet with the Company's outside auditors without management present at such times as it deems appropriate, but not less than quarterly.

#### **14. Board Access to Company Employees**

Board members should have full access to members of management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members. The Directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company.

#### **15. Board Compensation Review**

The Corporate Governance Committee, in conjunction with the Compensation Committee, should conduct a periodic review of non-employee director compensation. This review will include input from the Company's Human Resources department and/or an independent compensation consultant in order to evaluate director compensation compared to other companies of like size in the industry. Any change in Board compensation will be approved by the full Board. The Board has established stock ownership guidelines for independent directors.

#### **16. Size of the Board**

The current size of the Board is established in the Company's Bylaws. The size of the Board is reviewed from time to time by the Board and may vary based upon the size and complexity of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members.

#### **17. Board Definition of "Independence" for Directors**

A director shall be considered "independent" for purposes of serving on the Board if he or she meets the criteria for independence established by The Nasdaq Rules and any applicable SEC rules. A director shall be considered "independent" for purposes of serving on a Board committee based on the definition of independence used in that committee's charter, which shall conform to any requirements established for such a committee by The Nasdaq Rules and any applicable SEC Rules.

#### **18. Composition of Board**

The Board believes that as a matter of policy there should be a substantial majority of independent directors on the Board. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company's business as well as its size, complexity and competitive environment.

#### **19. Board Membership Criteria and Selection**

The Corporate Governance Committee reviews on an annual basis, in the context of recommending a slate of Directors for stockholder approval, the composition of the

Board, including issues of character, judgment, diversity, age, expertise, corporate experience, length of service, independence, other commitments and the like. Selection of new Directors requires recommendation of a candidate by the Corporate Governance Committee to the full Board, which has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders. The Corporate Governance Committee will consider candidates for the Board of Directors recommended by stockholders, which may be submitted to Polycom by giving the recommended candidate's name, biographical data and qualifications and other information in accordance with the Company's bylaws and applicable laws. The Corporate Governance Committee will adhere to the Policies and Procedures for Director Candidates, as separately described in the Corporate Governance Committee Charter.

## **20. Majority Voting; Advance Resignation as Prerequisite to Director Nomination**

In accordance with the Company's Bylaws, if there is no contested election of directors (i.e., the number of candidates for election as directors does not exceed the number of directors to be elected), a nominee for election or re-election to the Company's Board of Directors must receive more votes cast for than against his or her election or reelection in order to be elected or reelected to the Board. The Board expects a director to tender his or her resignation if he or she fails to receive the required number of votes for reelection. The Board shall nominate for election or reelection as director only candidates who agree to tender, promptly following the stockholders' meeting at which they are elected or reelected as director, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next stockholders' meeting at which they face reelection and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with this Board policy.

If an incumbent director fails to receive the required vote for reelection, the Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for consideration by the Board. The Board will determine whether to accept or reject such resignation within 90 days from the certification of the election results. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

## **21. Assessing the Board's Performance**

The Chairman and the Corporate Governance Committee should annually review the Board's performance during the prior year. This assessment should focus on areas in which the Board or management believes contributions can be made going forward to increase the effectiveness of the Board. As part of this process Directors will conduct an

evaluation to review the progress and effectiveness of the Board and individual director performance and will submit comments to the Chairman, the Corporate Governance Committee and, as may be deemed appropriate from time to time, any third party consultant engaged for such purpose. The Corporate Governance Committee will then report back to the Board, and the full Board will consider and discuss the committee's report.

## **22. Director Terms and Elections**

Except for filling vacancies and adding new Directors, all Directors shall be subject to appointment annually at the annual meeting of stockholders. In accordance with the Company's Bylaws, in uncontested elections of directors, nominees for director are elected by majority voting as described in the Policies and Procedures for Director Candidates.

## **23. Director Retirement Age**

The Board recognizes that it is important for the Board to balance the benefits of continuity with the benefits of fresh viewpoints and experience. Upon reaching 75 years of age, each Director shall notify the Board and offer to submit to the Board a letter of resignation to be effective at the next meeting of shareholders held for the elections of Directors. In each instance, the Board shall accept the letter of resignation unless the Corporate Governance Committee shall determine to nominate said Director for another term. In making such determination, the Corporate Governance Committee shall weigh the benefit of a particular Director's contributions against the benefits of fresh viewpoints from new Directors.

## **24. Directors Whose Responsibilities Change**

A Director whose primary employment status changes materially from the most recent annual meeting when the Director was elected to the Board is expected to notify the Board and offer to submit a letter of resignation to the Board. The Board does not believe that a Director in this circumstance should necessarily leave the Board, but that the Director's continued service should be re-evaluated under the established board membership criteria. Accordingly, upon such event, the Corporate Governance Committee will review the appropriateness of the Director's continued service on the Board and recommend to the Board whether the Director's continued service is appropriate under the new circumstances. The Board shall then decide whether to accept such resignation.

## **25. Director Orientation and Continuing Education**

The Board has established a Director Orientation Process for new Directors to assist them in understanding the Company's business, as well as to serve as an introduction to the Company's senior management team. In addition, meetings of the Board shall be designed to provide appropriate background for new Directors. Further,

the Company encourages Directors to participate in continuing education programs focused on the business, Company's industry, and legal and ethical responsibilities of board members.

## **26. Formal Evaluation and Compensation of the Chief Executive Officer and Other Executive Officers**

The formal evaluation of the Chief Executive Officer and the other executive officers should be made in the context of the annual compensation review by the independent Directors in the case of the Chief Executive Officer and by the Compensation Committee in the case of the other executive officers, with appropriate input from other Board members, and should be communicated to the CEO by the Chairman. The evaluation should be based on objective criteria, including performance of the business and accomplishment of long-term strategic objectives in accordance with the criteria established by the Compensation Committee.

## **27. Director and Executive Stock Ownership Guidelines**

The Board has adopted stock ownership guidelines for its non-employee Directors in the amount equal to three times the annual cash Board retainer, with a period of five years for each such director to attain these guidelines.

The Board also has adopted stock ownership guidelines in the amount of 10,000 shares for the Chief Executive Officer and in the amount of 5,000 shares for the Company's other executive officers. Such executive officers shall have attained such stock ownership guidelines within five years.

## **28. Succession Planning**

The Corporate Governance Committee, in consultation with the independent Directors, is primarily responsible for CEO succession planning. In addition, in conjunction with the Compensation Committee, it shall monitor management's succession plans for other key executive officers. The Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

## **29. Management Development**

In addition to its responsibilities related to executive succession planning, the Corporate Governance Committee shall confer with the CEO to encourage management's employee development programs.

## **30. Board Interaction with Investors and the Press**

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various

constituencies that are involved with the Company, but it is expected that Board members would do this with knowledge of management and, in most instances, only at the request of management.

In cases where shareholders wish to communicate directly with the non-management Directors, email messages can be sent to [directorcom@polycom.com](mailto:directorcom@polycom.com). The independent Chairman receives all messages sent to this email address, forwards communication to the appropriate committee of the Board or non-management Director and facilitates an appropriate response.

### **31. Periodic Review of Guidelines**

The Corporate Governance Committee and the Board should review these guidelines no less frequently than annually.