

## **Corporate Governance Guidelines**

Updated and Approved as of November 7, 2018

The Board of Directors (the “Board”) of Red Lion Hotels Corporation, doing business as RLH Corporation (the “Company”) have adopted the following corporate governance principles (the “Guidelines”) to assist the Board and its committees in performing their respective duties in compliance with applicable requirements. The Board shall review and, if appropriate in connection with updated requirements or changes in the corporate governance environment, revise these Guidelines from time to time.

### **Director Responsibilities**

The members of the Board have the responsibility to:

1. Represent the interests of the Company’s shareholders in maintaining and enhancing the success of the Company’s business, including optimizing long-term returns to increase shareholder value.
2. Select and annually evaluate the Chief Executive Officer of the Company (“CEO”) and select and annually evaluate any member of senior management other than the CEO:
  - a. who is an “officer” within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or an “executive officer” for purposes of Item 401(b) of Regulation S-K;
  - b. whose compensation is required to be reported in the Company’s annual report or proxy statement;
  - c. who is designated by the CEO as the head of a division of the Company; or
  - d. who holds the title of “executive vice president.”

The Board has delegated to its Compensation Committee the responsibility to annually evaluate the performance of such members of senior management against the goals and objectives set for such officers by the Compensation Committee.

3. Oversee the CEO and interact with appropriate members of senior management with respect to key aspects of the business, including strategic planning, management development and succession, operating performance and shareholder returns.
4. Provide general advice and counsel to the CEO and appropriate members of senior management.
5. Adopt, and in coordination with the Audit Committee oversee compliance with, the Company’s Code of Business Conduct and Ethics, and promptly disclose as

required by SEC rules any waivers of the Code of Business Conduct and Ethics for the Company's directors or executive officers.

6. Select annually, as soon as is practical following the annual meeting of shareholders of the Company, a Chairman of the Board who shall be a director who is not an "officer" of the Company as that term is defined in Rule 16a-1(f) of the Exchange Act (a "Non-Management Director").
7. Hold executive sessions of all Non-Management Directors following each regularly scheduled meeting of the Board. The Chairman of the Board will chair such meetings (the "Chairman"). Interested parties may communicate directly with the Chairman by e-mail addressed to chairman@redlion.com or by correspondence addressed to Chairman, Red Lion Hotels Corporation, 1550 Market St #350, Denver, CO 80202.
8. Formally evaluate the performance of the CEO each year in at least one Non-Management Director executive session.
9. Directors should make every effort to attend Board meetings and meetings of Committees on which they serve. Meeting materials should be reviewed in advance. In order to allow Directors to fulfill their responsibilities, the date, time, place and expected duration of each meeting will be established by action of the members at the prior meeting or by notice as provided in the Bylaws. Any notices of meetings or reminders of meeting times may be made by e-mail, and shall include information regarding any alternative teleconference link for participation in such meeting. All notices of all committee meetings will go to all directors, whether or not they are members of that committee.
10. In discharging the duties of a director, including duties as a committee member, a director shall act: (1) in good faith; (2) with the same care an ordinary prudent person in a like position would exercise under similar circumstances and (3) in a manner he or she believes to be in the best interests of the Company.

### **Director Qualification Standards**

1. The Nominating and Corporate Governance Committee is responsible for recommending to the Board (1) nominees for Board membership to fill vacancies or newly created positions and (2) the persons to be nominated by the Board for election at the Company's annual meeting of shareholders.
2. In connection with the selection and nomination process, the Nominating and Corporate Governance Committee shall review and evaluate candidates for the Board, including candidates nominated or recommended by shareholders, taking into account the desired experience, mix of skills and other qualities to assure appropriate Board composition, the current Board members and the specific needs of the Company and the Board. The Board will generally look for individuals who have displayed high ethical standards, integrity and sound business judgment. This

process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the business of the Company.

3. Independent Directors must comprise a majority of the Board.
4. A director will not be an “Independent Director” if any of the following situations set forth in the following categories apply:
  - a. the director has been an employee of the Company, or any of its consolidated subsidiaries, during the last three years, or the director has an Immediate Family Member<sup>1</sup> who is, or who has been during the last 3 years, an executive officer of the Company;
  - b. the director or the director’s Immediate Family Member has received more than \$120,000 per year in direct compensation from the Company, or any of its consolidated subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) during any twelve-month period within the last three years;
  - c. (i) the director is a current partner or employee of a firm that is the Company’s independent auditor, (ii) the director has an Immediate Family Member who is a current partner of such a firm, (iii) the director has an Immediate Family Member who is a current employee of such a firm and personally works on the Company’s audit, or (iv) the director or an Immediate Family Member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time;
  - d. the director or the director’s Immediate Family Member is, or during the last three years, has been, part of an interlocking directorate in which a current executive officer of the Company, or any of its consolidated subsidiaries, served on the compensation committee of another company that concurrently employed the director (or any of his or her Immediate Family Members) as an executive officer;
  - e. the director is a current employee, or the director’s Immediate Family member is a current executive officer of a company that makes payments to, or receives payments (exclusive of charitable contributions that the Company discloses on its website or in its annual proxy statement) from, the Company, or any of its consolidated subsidiaries, for property or services in an amount which, in any of the last three fiscal years, exceeds

---

<sup>1</sup> An “Immediate Family Member” of a director is a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and any person (other than a tenant or employee) sharing the household of the director.

the greater of \$1 million, or 2% of the consolidated gross revenues of such other company;

- f. the director has a material relationship with the Company, or any of its consolidated subsidiaries, either directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company, or any of its consolidated subsidiaries. For this purpose, “material relationship” is defined as one in which the person, or an entity of which the director (or the director’s Immediate Family Member) is an employee, makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other entity’s consolidated gross revenues.

5. In addition to satisfying all of the independence criteria set forth in paragraph 4 of this Section, all members of the Audit Committee must also meet the following requirements:

- (a) A member of the Audit Committee may not receive consulting, advisory or other compensatory fees from the Company, or any of its consolidated subsidiaries, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other committee of the Board (compensatory fees do not include the receipt of fixed amounts under a retirement plan (including deferred compensation) for prior service with the Company or any of its consolidated subsidiaries, provided that such compensation is not contingent in any way on continued service).
- (b) No member of the Audit Committee may be an “affiliated person” of the Company, or any of its consolidated subsidiaries, as such term is defined by the Securities and Exchange Commission.

6. The number of other boards on which a director may sit may be reviewed on a case-by-case basis by the Board.

7. The Board has not established term limits for directors. Although term limits can promote the inclusion on the Board of people with diverse perspectives, the process described in paragraph 2 of this Section can achieve the same result. Moreover, term limits have the disadvantage of causing the Company to lose the contributions of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, thereby increasing their contributions to the Company. However, in order to promote both continuity and turnover, and to further the expectation that Board members will be very actively involved in both the affairs of the Company and the communities which the Company serves, the Board will normally not nominate a person who would be serving on the Board after the age of 75.

8. Each director shall be obligated to notify the Chairman of the Board of the Company promptly upon learning of any fact which causes such director not to be considered an Independent Director, as set forth in paragraph 4 above, or if any entity of which such director is an officer or director becomes a competitor of the Company. The Nominating and Corporate Governance Committee shall review the situation and make a prompt recommendation to the Board.
9. In compliance with the Company's Amended and Restated By-Laws, in any non-contested election of directors, the candidates elected are those receiving a majority of the votes cast, meaning the number of shares voted "for" a director nominee must exceed the number of shares voted "against" the director nominee.

### **Board Committees**

1. The Board shall at all times have a Nominating and Corporate Governance Committee, an Audit Committee and a Compensation Committee, each comprised solely of Independent Directors. Each committee will have its own charter.
2. The Board shall evaluate and determine the circumstances under which to form new Committees.
3. All Directors are invited to attend, in person or by teleconference, all committee meetings, with the sole exception of when such attendance is specifically prohibited by applicable law or regulation. Board members in attendance at committees of which they are not a member shall not vote on committee proceedings and the chairs of such committees are authorized to limit discussion by or exclude non-committee members to the extent the chair determines in his or her discretion that such limitation or exclusion is necessary or appropriate to accomplish committee business. It is expected that such a determination would happen rarely, if at all. The minutes of committee meetings shall specifically describe any such determination by a committee chair. Notwithstanding the foregoing, to give committee members a convenient opportunity to discuss committee-related issues separately among themselves, committees are expected to have brief separate sessions at the end of each committee meeting which are only attended by committee members. Committees may not take action in such separate sessions unless the Chair has determined in his or her discretion that the exclusion of other directors is necessary or appropriate to accomplish committee business and such determination is included in the minutes of the committee meeting.

### **Director Compensation**

1. Non-Management Directors shall receive reasonable compensation and benefits for their services, as may be determined from time to time by the Board upon recommendation of the Compensation Committee. Compensation and benefits for Non-Management Directors shall be consistent with the market practices of other similarly situated companies but shall not be at a level or in a form that

would call into question the Board's objectivity. The Compensation Committee of the Board shall annually review and make recommendations to the Board with respect to director compensation and benefits.

2. Directors who are officers of the Company receive no additional pay for serving as Directors. This does not apply to a director serving as an officer on an interim basis.

### **Stock Ownership**

1. In order to more closely align the Board and senior management's interests with the Company's shareholders, each member of the Board, and each of the Company's CEO, CFO, Executive Vice Presidents and General Counsel (the "Executives") will be required to meet the following minimum stock ownership requirements:

- (a) Each Non-Management Director shall own the lesser of either (i) 20,000 shares of the Company's common stock, or (ii) a number of shares of the Company's common stock equal in value to at least three times the Director's annual base retainer (however paid); and
- (b) Each of the Company's Executives shall own the lesser of either (i) 30,000 shares of the Company's common stock, or (ii) a number of shares of the Company's common stock equal in value to at least his or her annual base salary.

2. Each Director will have five years from the date of his or her election to the Board to attain such level of ownership, and the Executives will have four years from the date of his or her appointment to attain such level of ownership. The stock ownership guidelines may not apply to any member of senior management who is in his or her position on an interim basis.

### **Director Access to Management and Independent Advisors**

1. The Board is expected to be highly interactive with the CEO and appropriate members of senior management. Directors are granted access to the name, location, and phone number of all employees of the Company.
2. It is Board policy that members of senior management who are invited by the Board to be present at Board meetings be present at such meetings. The Board encourages such individuals to make presentations, or to include in discussions at Board meetings managers and other employees who can provide insight into the matters being discussed because of their functional expertise and/or personal involvement in such matters.
3. Directors are authorized to consult with independent advisors, as is necessary and appropriate, without consulting management of the Company.

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

1. The Board shall implement and maintain an orientation program for newly elected directors.
2. Directors are required to continue educating themselves with respect to subject matters that will assist them in their duties as a director of the Company.

### **Management Succession and CEO and Senior Management Compensation**

1. The Board shall plan for succession to the position of CEO. In the event of emergency or in the event of the incapacity of the CEO, pending appointment of a successor by the Board, the Board has determined that the management of the Company shall be conducted by a group of certain members of senior management, reporting to the Chairman, as such group is constituted from time to time by the CEO in the reports of the CEO to the Board.
2. The Board, acting through the Nominating and Governance Committee, shall review and approve a management succession plan, developed by the CEO, to ensure continuity in senior management.
3. The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to CEO compensation and evaluating the performance of the CEO in light of those goals and objectives. Based on such evaluation, the Compensation Committee sets the CEO's compensation and reports the CEO's compensation to the Board.
4. The Compensation Committee is responsible, in consultation with the CEO, for reviewing and approving corporate goals and objectives relevant to the compensation of the other members of senior management, and evaluating the performance of the members of senior management in light of those goals and objectives. Based on such evaluation, the Compensation Committee determines and reports to the Board the compensation of the members of senior management.

### **Annual Performance Evaluation of the Board**

1. The Board and its Committees will conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively.
2. The Board will also review the Nominating and Corporate Governance Committee's periodic recommendations concerning the performance and effectiveness of the Board and its committees.