

## Mastech Holdings, Inc.

### Corporate Governance Guidelines

- 1 Statement of Governance.** The business and affairs of the Company occur under the direction of the Board of Directors. The Board of Directors has delegated to management the responsibility to manage the day-to-day operations of Mastech Holdings, Inc. (the “Company”). The primary focus of the Board of Directors is on policy and strategic direction. The Board selects, advises and monitors the Company’s management team to ensure that the Company’s business is conducted so as to promote the growth and profitability of the Company. The Board has adopted the following guidelines which ensure that Directors at all times act in the best interests of the Company and its shareholders.
- 2 Functions of the Board.** In addition to general oversight of the business and affairs of the Company, the Board also performs a number of specific functions, including:

  - (a) selecting, evaluating and compensating the Chief Executive Officer and overseeing Chief Executive Officer succession planning;
  - (b) providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
  - (c) reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
  - (d) assessing major risks facing the Company and reviewing options for their mitigation; and
  - (e) ensuring that processes are in place for maintaining the integrity of the Company, the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.
- 3 Responsibilities of the Board.** In addition to the duties of care and loyalty imposed by law, each Director has the following responsibilities:

  - (a) Each Director will make every effort to attend each Board and applicable Board committee meeting, except in unavoidable circumstances. Each Director will ensure that other existing and planned future commitments do not materially interfere with the Director’s service as a director.

- (b) A meeting agenda and materials related to agenda items will be provided prior to all meetings, and each Director will carefully review these materials in advance of the relevant meeting.
- (c) Each Director will rigorously participate in each meeting of the Board and each applicable Board committee.
- (d) Each Director will hold in confidence non-public information obtained as a Director.
- (e) 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 the knowledge of management and, in most instances, at the request of management.
- (f) Each Director will be familiar with, and will comply with, the terms of the Company's Code of Business Conduct and Ethics, including applicable rules regarding trading in the Company's securities. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chief Executive Officer and the Chairman of the Audit Committee. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the Chief Executive Officer or a member of senior management, and the Chief Executive Officer shall resolve any conflict of interest issue involving any other officer of the Company. If a significant conflict exists and cannot be resolved, the Director should resign.

**4 Orientation and Continuing Education for Directors.** Significant strategic thought and consideration is given to the identity of individuals nominated to serve as members of the Company's Board. With that in mind, the Company is committed to providing an initial orientation to board service with the Company and a continuing education covering such operational, financial and legal issues as may be appropriate given each Board member's background, experience and education. Without limiting the foregoing, each Board member is encouraged to propose such supplemental educational activities as he or she thinks appropriate for him or herself, including visits to Company facilities, meetings with Company officers and supplemental information regarding operational, financial and legal matters affecting the Company or his or her role as a Director. Management is committed to ensuring that supplemental activities are effected in a timely manner, either for the individual Director or, if management determines appropriate, for the full Board.

## **5 Board Composition.**

- (a) Director Selection and Qualification. The Nominating and Corporate Governance Committee will establish, and from time to time review with the Board, the requisite skills and characteristics for new Board members. This assessment will include consideration of background, skill needs, diversity, personal

characteristics and business experience. At least annually, the Nominating and Corporate Governance Committee will review the qualifications and backgrounds of the Directors, as well as the overall composition of the Board, and select the slate of directors to be recommended for nomination for election at the Annual Shareholders Meeting.

Nominees for directorship will be selected by the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter and these Corporate Governance Guidelines. In making its selection the Nominating and Corporate Governance Committee considers, among others, submissions from shareholders. The invitation to join the Board should be extended by the Chief Executive Officer and the Chairman of the Nominating and Corporate Governance Committee.

It is expected that no Board member will participate on more than three (3) public company boards or seven (7) boards in total. These guidelines do not include subsidiary companies of the Company or “not for profit” organizations. In evaluating participation on other boards, consideration shall be given to the number of audit committees on which an individual participates, and the time commitment involved in participation on those audit committees, particularly if it is anticipated that the individual will at any time serve on the Audit Committee of the Company.

Any Director who is considering accepting an invitation to join the board of directors of any other corporation (whether publicly or privately held and whether for profit or not-for-profit) shall notify the Chief Executive Officer and the Chair of the Nominating and Corporate Governance Committee in advance of accepting such invitation so as to enable the Nominating and Corporate Governance Committee to make, in a timely manner, a determination as to whether there is an ‘interlocking directorate’ issue or other conflict and to communicate such determination, and any related recommendation, to such Director and to the Board.

- (b) Majority Independence. The majority of the Directors on the Board at any time will be Independent Directors. The definition of an Independent Director is set forth below in paragraph 7.
- (c) Size of Board. The Articles of Incorporation of the Company mandate that the Board consist of not more than nine (9) nor less than three (3) members. The Board currently has seven (7) members. The number of directors on the Board shall not be so large as to prevent the Board from functioning effectively as a body.
- (d) Tenure. The Board does not believe it should establish term limits. While term limits could help ensure that fresh ideas and viewpoints are available to the Board, they hold the disadvantage of losing the contribution of directors who, over time, have developed increasing insight into the Company and its operations and

therefore provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating and Corporate Governance Committee, in consultation with the Co-Chairmen, will review each Director's continuation on the Board every three (3) years. This will also allow each Director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

- (e) Change of Occupation/Business Association. Any Director who, in the future, experiences a change in his or her principal occupation or primary business affiliation from that in which the Director was engaged when last elected to the Board, should promptly submit a letter offering his or her resignation as a Director to the Chief Executive Officer and to the Nominating and Corporate Governance Committee. The Board, with input from the Nominating and Corporate Governance Committee and the Chief Executive Officer, will consider whether to accept the offer of resignation based on the effect such change in occupation or primary business affiliation may have on that Director's ability to serve and to be an effective Board member. For this purpose, retirement is considered a change of employment.

## **6 Director Compensation Guidelines.**

- (a) The Compensation Committee shall produce an annual report on director compensation. This report shall be included in the Company's annual proxy statement.
- (b) The Compensation Committee shall annually review director compensation and make such recommendations to the Board relating thereto as the Compensation Committee determines appropriate. The following guidelines are to be followed in determining the amount and form of director compensation:
- *the relevant experience/expertise of each Director,*
  - *the time commitment, including committee service, required,*
  - *the growth and profitability of the Company, and*
  - *the overall effectiveness of the Board in setting Company policy and strategic direction.*

In discharging this duty, the Compensation Committee shall be guided by three goals: compensation should fairly pay directors for work required in a company of comparable size and scope; compensation should align directors' interests with the long-term interests of shareholders; and the structure of the compensation should be simple, transparent and easy for shareholders to understand.

- (c) Compensation may consist of cash, equity in the form of stock options or other means, as recommended by the Compensation Committee and approved by the Board.

- (d) Audit Committee members may not receive any remuneration from the Company other than compensation for Board service. Board compensation for Audit Committee members may reflect the greater time commitment involved in Audit Committee membership.
- (e) In determining compensation for Independent Directors, regard must be given to those Directors' independent status. Payments to a Director, to an immediate family member or to organizations with which a Director or an immediate family member is affiliated, including contributions to organizations affiliated with any of them, may actually or by appearance compromise the Director's independent status (see paragraph 7 below).
- (f) The Compensation Committee will report once a year to the Board the status of the Board's compensation in relation to comparable U.S. companies.
- (g) Changes in Board compensation should come at the suggestion of the Compensation Committee but with full discussion and approval by the Board.

## **7 Independent Directors.**

- (a) For a Director to be considered an "Independent Director", the Board must annually determine, after review of each relationship between the Director and the Company, that he or she has no relationship which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.
- (b) The basis for the Company's determination of each Director's independence shall be the "independence requirements" set forth by the Securities and Exchange Commission (the "SEC") and the NYSE MKT provided, however that no Director shall be an Independent Director if he or she:
  - is, or during the past three years was, employed by the Company or any parent or subsidiary of the Company;
  - has a family member who is, or has in any of the last three years been, an executive officer of the Company or any parent or subsidiary of the Company;
  - accepted, or has a family member who accepted, any compensation from the Company in excess of \$60,000 during any period of twelve (12) consecutive months within the three (3) years preceding a determination of independence any compensation other than (i) compensation for Board or Board committee service, (ii) compensation paid to an immediate family member who is an employee (other than an executive officer) of the Company, (iii) compensation received for former service as an interim executive officer (provided the interim employment did not last longer than one year), or (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

- is, or has an immediate family member who is, a partner in , or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments other than those arising solely from investments in the Company's securities that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years;
  - is, or has an immediate family member who is, employed as an executive officer of an entity where, at any time during the most recent three fiscal years, any of the executive officers of the Company serve on that entity's compensation committee; or
  - is, or has an immediate family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.
- (c) The ownership of stock in the Company by Directors is encouraged and the ownership of a substantial amount of stock is not in itself a basis for a Director to be considered as not independent, provided that it may preclude participation on the Audit Committee of the Company.

**8 Committees.** The by-laws of the Company permit the Board of Directors to establish one or more committees. The Board currently maintains the following committees: Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. The by-laws allow the Board to appoint additional committees and to disband any committee not specifically required, and the Board may do so at any time. The following is a summary description of the primary committees of the Board:

- (a) Audit Committee. The Audit Committee shall consist of at least three (3) Directors. All members of the Audit Committee shall be Independent Directors and shall comply with all qualification requirements for audit committee members under any rules of the SEC and the NYSE MKT from time to time in force.

The duties of the Audit Committee are set forth in the Audit Committee Charter.

- (b) Nominating and Corporate Governance Committee. All members of the Nominating and Corporate Governance Committee shall be Independent Directors and shall comply with all qualification requirements under any rules of the SEC and the NYSE MKT from time to time in force.

The duties of the Nominating and Corporate Governance Committee are set forth in the Nominating and Corporate Governance Committee Charter. As discussed in its Charter, the Nominating and Corporate Governance Committee shall conduct an annual evaluation of the effectiveness of the Board and its committees. As part of the review process, the Nominating and Corporate Governance Committee will solicit comments from all Directors. The performance

assessment will be discussed with the full Board on an annual basis after the end of the fiscal year.

- (c) Compensation Committee. All members of the Compensation Committee must be Independent Directors and must comply with all qualification requirements under any rules of the SEC and the NYSE MKT from time to time in force, as well as section 162(m) of the Internal Revenue Code.

The duties of the Compensation Committee are set forth in the Compensation Committee Charter.

The Nominating and Corporate Governance Committee shall make all recommendations to the Board for committee membership. After consideration of such recommendations, the Board will designate the members of the committees, taking into account the desires of the individual Board members and the suggestions of the Chief Executive Officer.

Each committee of the Board is responsible to report annually to the Board an assessment of the committee's performance during the preceding year.

## **9 Executive Sessions of Independent Directors.**

- (a) The Independent Directors will hold regular executive sessions at least twice a year without management in order to promote open discussion among the Independent Directors. The Independent Directors designated to chair meetings in executive session shall be rotated each meeting among the Independent Directors.
- (b) The Board has not designated an Independent Director as a Lead Independent Director.
- (c) Independent Directors can be contacted at the following e-mail address: "CorporateSecretary@mastech.com."

## **10 Board Access to Management and Professional Advisors.**

- (a) Directors shall have full access to executive officers of the Company. While essential in order for Directors to keep abreast of Company affairs, Directors will use their discretion to ensure that access is not disruptive to the business operations of the Company. So far as appropriate any such contact will be coordinated with the Chief Executive Officer.
- (b) The Board welcomes regular attendance at each Board meeting of executive officers and other members of senior management of the Company. The Board encourages management to schedule presentations at Board meetings by managers who, because of personal involvement, can provide additional insight into the items being discussed or who management believes should be given exposure to the Board due to their future potential.

- (c) The Company's primary outside attorneys and registered public accountants shall make periodic presentations to, and be available to consult with, the Board.
- (d) The Directors and the Independent Directors acting as a group may, where appropriate, retain independent professional advisors.

## **11 CEO Selection, Evaluation and Succession.**

- (a) The following criteria shall be employed when selecting a Chief Executive Officer:
  - deep knowledge of the markets in which the Company operates,
  - keen knowledge of, and clarity of vision for, the Company,
  - demonstration of exemplary leadership skills and ethical conduct,
  - ability to lead and develop a corporate culture committed to excellence, and
  - such other criteria as the Board may deem appropriate.
- (b) The performance of the Chief Executive Officer will be reviewed by the independent directors of the Board at least annually. Such reviews will follow recommendations from the Compensation Committee with respect to long and short term corporate goals and performance of the Chief Executive Officer.
- (c) The Board shall approve and maintain a succession plan, including succession in the event of an emergency or crisis, for the CEO and other officers and key employees, based upon the recommendations of the Compensation Committee. The Chief Executive Officer should make available to the Compensation Committee and the full Board his or her recommendations and evaluations of potential successors at all senior management positions, including Chief Executive Officer.

## **12 Board and Committee Meetings.**

- (a) The Co-Chairmen of the Board, and the committee chairpersons, as appropriate, determine the frequency and length of meetings of the Board, and committees, respectively, subject to the following guidelines: the Board of Directors meets at least four (4) times annually; the Audit Committee meets at least four (4) times annually; the Compensation Committees meet at least two (2) times annually; and the Nominating and Corporate Governance Committee meets at least two (2) times annually; each in regularly scheduled sessions. Telephonic attendance at regular Board and committee meetings is discouraged.
- (b) At the beginning of the year, the Co-Chairmen will prepare and the Board will receive a schedule of agenda subjects to be considered during the year. The Co-Chairmen will establish the agenda for each Board meeting. Each Board member



is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

- (c) The chairperson of each committee, in consultation with the appropriate members of management and staff, will develop the committee's agenda. At the beginning of the year, each committee will establish a schedule of agenda subjects to be discussed during the year. The schedule for each committee will be furnished to all Directors. Each committee member is free to suggest the inclusion of items on the agenda. Each committee member is free to raise at any committee meeting subjects that are not on the agenda for that meeting.

**13 Attendance at Annual Meeting of Shareholders.** Directors' attendance at Annual Meetings of the Shareholders is encouraged but not required.