

**PARKWAY, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**THE MISSION OF THE BOARD OF DIRECTORS**

The mission of the Board of Directors (the “Board”) is to foster the long-term success of Parkway, Inc. (the “Corporation”) consistent with its fiduciary responsibilities to stockholders. The Board performs a central role in achieving this goal by ensuring that management is capable of implementing its duties and achieving its objectives. Among these objectives is the Corporation’s focus on creating superior value for all its stakeholders – customers, employees, investors, communities, partners, suppliers and the environment. The Board also requires the directors, officers and employees of the Corporation to comply with all legal and regulatory requirements and encourages them to adhere to the highest ethical standards in the performance of their duties.

Directors must perform their duties, keeping in mind their primary fiduciary duty to the stockholders and the Corporation. That duty includes the obligation to ensure that the Corporation’s disclosures contain accurate information that fairly present the company and its operations to stockholders and the public in conformity with applicable laws, rules and regulations.

**CORPORATE GOVERNANCE GUIDELINES**

**Board Responsibilities**

1. Description of Board Responsibilities

The Board’s role is to maximize long-term stockholder value. The Board is responsible for oversight of strategy, the operation of the business and performance evaluation, so as to promote the long-term successful performance of the Corporation. In order to maximize long-term stockholder value, the directors’ primary functions are:

- Review, and where appropriate, approve and evaluate long-term strategic, financial and business plans and objectives.
- Select the Chief Executive Officer and other senior officers and review management succession planning.
- Ensure that policies and procedures are in place to encourage adherence to the highest standards of ethical conduct in conducting the Corporation’s business and compliance with applicable laws and regulations.

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, either personally or telephonically, meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chair of the appropriate committee in advance of such meeting.

Directors must be committed to devoting the time and effort necessary to learn the business of the Corporation and the Board.

All Directors shall attend ongoing corporate governance and other educational programs related to their service on the Board. All new directors will participate in the Corporation's orientation program, including presentations by management to familiarize new directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its independent auditors.

## 2. Code of Business Conduct and Ethics

In order to oversee the successful perpetuation of the Corporation's business, the Board has instituted a Code of Business Conduct and Ethics (the "Code of Conduct") regarding: (i) conflicts of interest; (ii) corporate opportunities; (iii) unlawful harassment and retaliation; (iv) use of insider information; (v) confidentiality; (vi) fair dealing; (vii) protection and proper use of company assets; (viii) compliance with internal control, disclosure controls and applicable laws, rules and regulations; and (ix) such other matters as the Board deems appropriate. The Code of Conduct encourages the reporting of unethical or illegal behavior and ensures prompt and consistent action against violations of the Code of Conduct. Any waivers of the Code of Conduct for directors or executive officers may be made only by the Board or a Board committee, if so delegated, and must be promptly disclosed to stockholders in accordance with applicable law and regulation. The Code of Business Conduct and Ethics has been adopted and posted on the Corporation's website.

## **Selection and Composition of the Board**

### 1. Board Size

The Board shall consist of a number of directors not less than the minimum number required by the Maryland General Corporation law and not more than fifteen, as determined by a majority of the full Board.

### 2. Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE"). The Board will review annually the relationship that each director has with the Corporation (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Corporation will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE. The names of the Independent Directors will be published in the Corporation's annual proxy statement to stockholders or the Corporation's annual report on Form 10-K.

### 3. Board Membership Criteria

The Corporate Governance and Nominating Committee, comprised entirely of Independent Directors, is responsible for identifying, screening, recruiting and recommending directors for nomination by the Board for election as members of the Board.

The Board as a whole should have competency in the following areas, with at least one director contributing knowledge, experience and skill in each area: (i) accounting and finance; (ii) business judgment; (iii) management; (iv) crisis response; (v) industry knowledge; (vi) leadership; and (vii) strategy/vision.

An assessment of the skills and characteristics needed by the Board in the context of the current status of the Board must be performed on a regular basis. Skills and characteristics to consider are: (i) degree of independence from management (ii) judgment, accountability and integrity; (iii) diversity, age, background, skills and experience; (iv) personal qualities, high ethical standards and characteristics, accomplishments, and reputation in the business community; (v) knowledge and contacts in and familiarity with the markets in which the Corporation conducts business and in the Corporation's industry or other industries relevant to the Corporation's business; (vi) ability and willingness to devote sufficient time to serve on the Board and committees of the Board, including other board appointments; (vii) knowledge and expertise in various areas deemed appropriate by the Board, including financial literacy; and (viii) fit of the individual's skills, experience, and personality with those of other directors in maintaining an effective, collegial, and responsive Board

In determining whether a director should stand for re-election, consideration should be given to the director's attendance at meetings and achievement of satisfactory performance.

### 4. Selection of New Directors

The Corporate Governance and Nominating Committee is responsible for selecting and recommending to the Board candidates for election as directors; stockholders also have the opportunity to nominate directors in accordance with the Articles of Amendment and Restatement ("Articles") and Amended and Restated Bylaws ("Bylaws") of the Corporation.

The Board delegates the process of screening director candidates to the Corporate Governance and Nominating Committee, which may solicit advice from the Chairman of the Board (the "Chairman"), the Chief Executive Officer and other members of the Board.

After the screening process is completed, upon recommendation by the Corporate Governance and Nominating Committee, the Board nominates an appropriate slate of director candidates for election.

### 5. Extending the Invitation to a Potential Director to Join the Board

The invitation to join the Board is extended on behalf of the Board by the Chairman and/or Chief Executive Officer and some combination of the remaining directors, as appropriate.

6. Director Resignation Policy

As provided in the Corporation's Bylaws, if the number of nominees for directors at a given meeting does not exceed the number of directors to be elected and a nominee who is an incumbent director fails to receive the required majority vote, that director shall promptly tender his or her resignation to the Board, subject to acceptance by the Board. The Corporate Governance and Nominating Committee will review the situation and make a recommendation to the Board whether to accept or reject the tendered resignation or whether other action should be taken. The Board will act on the tendered resignation, taking into account the Corporate Governance and Nominating Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Corporate Governance and Nominating Committee in making its recommendation and the Board in making its decision may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation will not participate in the recommendation of the Corporate Governance and Nominating Committee or the decision of the Board with respect to his or her resignation. If an incumbent director's resignation is not accepted by the Board, such director shall continue to serve until his or her successor is duly elected or his or her earlier resignation or removal. If a director's resignation is accepted by the Board, the Board may fill the resulting vacancy or decrease the size of the Board pursuant to the provisions of Article IV, Section 4.2 of the Corporation's Articles and Article III, Sections 2 and 11 of the Corporation's Bylaws.

**Board Leadership and Other Board Matters**

1. Chairman of the Board and Chief Executive Officer

The Board shall designate one of its members to serve as Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board and meetings of the stockholders and shall have such other powers and responsibilities as set forth in the Corporation's Bylaws, as supplemented from time to time by resolution of the Board. The Chairman of the Board shall serve for such term as the Board shall determine.

The Chief Executive Officer, in the absence or inability of the Chairman of the Board to act, shall preside at meetings of the stockholders and, if the Chief Executive Officer is also a director, meetings of the Board.

The offices of the Chairman of the Board and Chief Executive Officer may not be held by the same individual, unless such positions are filled by the same individual on an interim basis following the resignation of the Chairman of the Board or the Chief Executive Officer, or both of them.

2. Former Chairman and Chief Executive Officer's Board Membership

If the Chairman or Chief Executive Officer wishes to resign from his or her position, he or she shall submit a resignation for the Board's consideration. A former Chairman or Chief Executive

Officer who is allowed to stay on the Board will not be considered an Independent Director for purposes of corporate governance for a period of at least 5 years following termination of employment. However, a director who serves as an Interim Chairman of the Board or Interim Chief Executive Officer may be deemed an Independent Director immediately after his services as Interim Chairman or Interim Chief Executive Officer ends, so long as the director meets the remaining requirements for independence.

3. Change in Job Responsibilities of Directors

Directors who change the primary job responsibility they held at the time of their election to the Board shall promptly notify the Board of such change. The Board shall, in its sole discretion, determine whether such change in responsibilities will impair the director's ability to effectively serve on the Board, and require resignation where it has determined the ability of the director to serve is impaired.

4. Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Corporation based on their experience with and understanding of the Corporation's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

5. Limit on Number of Boards

No director shall serve on the boards of directors of more than five public companies (including the Corporation) at any given time. Directors must notify the Corporate Governance and Nominating Committee prior to accepting a seat on the board of directors, board of trustees or other governing body of any other public or private, for-profit company or organization so that potential conflicts or other factors compromising the director's ability to perform his duties may be fully assessed. Neither the Chief Executive Officer nor any Executive Vice President of the Corporation shall serve on the board of directors, board of trustees or other governing body of any other public or private, for-profit company or organization without the prior authorization of the Board or the Corporate Governance and Nominating Committee of the Board.

In addition, in recognition of the enhanced time commitments associated with membership on a public company's audit committee, no member of the Audit Committee of the Board may serve simultaneously on the audit committees of more than three public companies (including the Corporation).

## **Board Communications**

1. Disclosure Policy

The Board believes that it is imperative that timely and accurate disclosure in compliance with applicable laws, rules and regulations is made on all material matters. Accordingly, the Board

has adopted a policy in order to ensure that material information about the Corporation will be disclosed to the public accurately and on a timely basis.

2. Board's Interaction with Institutional Investors, Press, Customers, etc.

No director shall respond, under any circumstances, to inquiries from the investment community or the media unless specifically authorized pursuant to the Corporation's Regulation FD and Corporate Disclosure Policy. Directors who are not authorized spokespersons who receive either direct or indirect inquiries from investors or the news media must promptly refer all such inquiries to the Corporation's Director of Investor Relations.

**Risk Assessment**

The Board will provide oversight of the Corporation's risk management process. In accordance with NYSE requirements, the Audit Committee is responsible for reviewing and discussing with management policies with respect to financial risk assessment and management.

**Performance Evaluation**

1. Board Performance

The Corporate Governance and Nominating Committee will administer an annual self-evaluation of the Board. This self-evaluation focuses on the performance of the Board as a whole, concentrating on areas where performance might be improved. The Corporate Governance and Nominating Committee will also oversee the annual self-evaluation of the committees of the Board.

2. Individual Performance

The Corporate Governance and Nominating Committee will administer an annual performance evaluation of each director, with consideration being given to skills and expertise, group dynamics, core competencies, personal characteristics, accomplishment of specific responsibilities, attendance, participation and candor. The Chairman or Chief Executive Officer communicates the results of the evaluation to each director.

**Board Compensation**

Directors (other than those who also are salaried employees of the Corporation or any of its subsidiaries) are entitled to receive reasonable compensation for their services as well as reimbursement of expenses, as may be determined from time to time by the Board, taking into account the recommendations of the Compensation Committee and the Corporate Governance and Nominating Committee.

Reasonable compensation and/or reimbursement of expenses also may be paid to any person (other than a salaried officer or employee of the Corporation or any of its subsidiaries) formally requested by the Board to attend a meeting.

## **Board Meetings**

### 1. Agenda Items

Agenda Items are designated by the Chairman in consultation with other Board members, the Chief Executive Officer, management, stockholders, or others as determined by the Chairman. Notwithstanding the foregoing, any member of the Board may present business for consideration at any meeting of the Board.

### 2. Distribution of Board Materials in Advance

Materials for review, discussion or action of the Board should, to the extent practicable, be distributed sufficiently in advance of meetings, thereby allowing time for review prior to the meeting. The method of distribution may include, but is not limited to: (i) electronic mail or other electronic means; (ii) regular mail; (iii) fax; (iv) courier; or (v) overnight mail. However, it is recognized that certain exigent circumstances may cause written materials to be unavailable in advance of the meeting.

### 3. Executive Sessions of Non-Management Directors

The non-management directors will meet in Executive Session on a regularly scheduled basis, but at least quarterly. If the Chairman is not independent, the non-management directors must designate a lead director who will preside at each Executive Session and serve as a liaison between the non-management directors, the Corporation's management and interested third parties and the Board. The name of any such lead director or the process by which the lead director is chosen shall be published along with a means for interested parties to communicate with the non-management directors. If the group of non-management directors includes directors who are not Independent Directors, it is the Corporation's policy that at least one executive session convened per year shall include only Independent Directors.

## **Transactions with Directors**

It is the policy of the Board that any transaction in which a director (or any member of a director's immediate family) has a personal or financial interest (direct or indirect) should be scrutinized carefully to ensure that the transaction is in the best interests of the Corporation and will not otherwise create a conflict of interest. It is incumbent upon each director to promptly notify the Audit Committee when he or she becomes aware of a matter in which he or she (or any member of a director's immediate family) has, or may have, a personal or financial interest (whether direct or indirect) or may otherwise have a potential conflict of interest.

Without approval in accordance with the Corporation's Related Party Transaction Policy, the Corporation will not enter into an arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (i) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (ii) the Corporation is a participant, and (iii) the director has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). The interested director will not participate in any Board discussion regarding the matter in which the director has such an interest.

## **Board Relationship To Senior Management**

### **1. Attendance of Non-Directors At Board Meetings**

The Board welcomes the Corporation's management to attend, from time to time, Board meetings, thereby providing certain expertise and/or insight into items that may be open for discussion.

The Board, in its sole discretion, also welcomes independent advisors to attend Board Meetings.

Reasonable compensation may be paid to any person (other than a salaried officer or employee of the Corporation or any of its subsidiaries) attending a Board meeting, as determined by the Board in its sole discretion.

### **2. Board Access to Senior Management and Independent Advisors**

Board members are granted complete access to the Corporation's management (nevertheless ensuring that such contact does not interfere with the operation of the Corporation's ordinary business). If such contact is in written form, the Board member will provide a copy of such written contact(s) to the Chairman and Chief Executive Officer.

## **Director Stock Ownership**

The Board believes that, in order to align the interests of directors and stockholders, directors should have a significant financial stake in the Corporation. In furtherance of this policy, the Board has adopted the Corporation's Director Stock Ownership and Retention Policy outlining the ownership and retention requirements for non-employee Directors.

The Director Stock Ownership and Retention Policy may be revised from time to time by the Board, taking into account the recommendations of the Compensation Committee and the Corporate Governance and Nominating Committee. Such policy will be posted to the Corporation's web site.

## **Officer Stock Ownership**

The Board believes that it is important for officers to acquire and retain a substantial ownership position in the Corporation to underscore the level of commitment the Corporation's management team has to the future success of the business and align the economic interests with the stockholders. Within five (5) years of the election or appointment to a position as an officer

of the Corporation, the Corporation expects that officers will obtain ownership of the Corporation's common stock as follows:

	<u>Common Stock Ownership as a Multiple of Base Salary</u>
Chief Executive Officer/President	5x
Executive & Senior Vice Presidents	3x
Vice Presidents	1x

In order to achieve the above stock ownership, officers are strongly encouraged to retain common stock granted through the Corporation's equity incentive plans less any shares withheld for taxes on that grant. In addition, if an officer is not meeting ownership requirements, they are strongly encouraged to participate in the Corporation's Employee Stock Purchase Plan and will be encouraged not to sell any common stock (or stock equivalents) that have been or are thereafter awarded to him or her under any of the Corporation's equity incentive plans until such officer has met the requirements. Direct ownership includes shares owned individually or jointly with a spouse, held in an individual retirement account, held in a deferred compensation plan and shares (or full value share-based awards, including restricted stock units) that have not yet vested. Direct ownership does not include unexercised stock options. The stock price used to determine value will be the closing price on the first open market day on or after January 1 each year.

### **Succession Planning**

The Board will develop and adopt a plan for the selection of and succession for the Chairman and Chief Executive Officer, in the event of either of their deaths, disability, removal or resignation. This plan will be reviewed by the Board at least annually.

### **Committee Matters**

#### 1. Number, Structure and Independence of Committees

There shall be a Corporate Governance and Nominating Committee, Audit Committee, Compensation Committee and such other committees as the Board deems advisable. The purpose and responsibilities of each of these committees shall be outlined in written committee charters adopted by the Board. The Board may, subject to limitations in the Bylaws of the Corporation, appoint such additional standing or temporary committees from time to time as the directors see fit, delegating to such committees all or part of the Board's powers.

The Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee shall be comprised entirely of Independent Directors and meet such additional requirements pursuant to applicable law or prescribed under the listing standards of the NYSE.

2. Compensation of Committee Members

The members of committees are entitled to receive such fees as the Board determines, taking into account the recommendations of the Compensation Committee and the Corporate Governance and Nominating Committee.

3. Selection of Committee Chairs

Committee chairs shall be appointed by the Board.

4. Assignment and Rotation of Committee Members and Chairs

Directors are nominated by the Corporate Governance and Nominating Committee for committee membership subject to the Board's consideration and approval.

The Corporate Governance and Nominating Committee will consider on a periodic basis whether it is in the Corporation's best interest to rotate chairs and/or members within and among committees and will make appropriate recommendations to the Board.

5. Agenda Items

Agenda Items are designated by the Chairman of the respective committees, in consultation with other members of the committee. Notwithstanding the foregoing, any member of a committee may present business for consideration at any meeting of such committee.

6. Distribution of Committee Materials in Advance

Materials for review, discussion or action of a committee should, to the extent practicable, be distributed sufficiently in advance of meetings, thereby allowing time for review prior to the meeting. The method of distribution may include, but is not limited to: (i) electronic mail or other electronic means; (ii) regular mail; (iii) fax; (iv) courier; or (v) overnight mail. However, it is recognized that certain exigent circumstances may cause written materials to be unavailable in advance of the meeting.

7. Attendance of Non-Committee Members of Board at Committee Meetings

The Board welcomes non-committee members of the Board to attend and listen to committee meetings from time to time; provided that: (a) in advance of any meeting, any committee chair may limit attendance to committee members only for any reason in his or her sole discretion (and any committee member may request that attendance be limited to committee members only); (b) at any time during a committee meeting, any committee chair may excuse any non-Committee member of the Board from a meeting (and any committee member may request that any noncommittee member of the Board be excused); (c) in advance of or during any committee meeting, any committee chair may impose such limitations or conditions upon attendance or participation of non-committee members of the Board as he or she sees fit in his or her sole discretion; and (d) in scheduling any committee meeting, only the attendance of committee members for the purpose of establishing a quorum shall be considered.

## **Outside Advisors**

The Board and each committee shall have the authority to retain and terminate any independent legal, financial or other advisors as they deem necessary or appropriate, without consulting or obtaining the approval of any officer of the Corporation in advance.

## **Periodic Review**

These Guidelines shall be reviewed by the Corporate Governance and Nominating Committee periodically, and at least annually. If the Corporate Governance and Nominating Committee determines that modifications are necessary, it will recommend changes to the Board for consideration.

*Effective October 7, 2016*