

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.

CORPORATE GOVERNANCE GUIDELINES (CGG)

The Nominating and Corporate Governance Committee (“Committee”) of the Board of Directors (“Board”) has developed, and the Board has adopted the following “Corporate Governance Guidelines (“Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the best interests of the Board and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation, By-Laws, and other corporate governance documents. Along with the By-Laws and the charters for each of the Board’s Standing Committees, the Guidelines provide the framework for the governance of the Company. The Guidelines are subject to modification from time to time by the Board, as the Board may deem appropriate in the best interests of the Company or as required by applicable laws and regulations.

1. **Board Make-Up** The Board will have a substantial majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Board’s objective is to have no more than two management directors at any time.
2. **Director Qualifications & Company Stock Holding** The Nominating & Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of nominees for director positions. Nominees shall be selected based on, among other things, personal and professional integrity, business background and skills, commitment to devote adequate time to Board duties, and ability to meet the standards for independence and other relevant regulatory standards. The Nominating & Governance Committee, in accordance with the policies and principles in its charter, will select nominees for directorship for recommendation to the Board. The invitation to join the Board should be extended by the Chair of the Nominating & Governance Committee. In order to ensure that directors’ interests are aligned with stockholders, each director shall be required to acquire and hold at least 1,000 shares of the Company’s common stock within the earlier of one year from the date these guidelines are adopted by the Board or one year of his or her election to the Board.
3. **Definition of Independent Director** An independent director is a person who is free from any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Annually, the Board will assess the independence of each non-management director based on the existence or absence of a material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Company shall disclose its standards for determining a director’s independence and any exceptions thereto to the Company’s stockholders annually. The following persons shall not be considered independent:

- a) A director who is employed by the Company or any of its affiliates for the current year or any of the past five years.
- b) A director who is, or in the past five years has been, affiliated with or employed by an (present or former) auditor of the Company (or of an affiliate).
- c) A director who is, or in the past five years has been, part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs the director.
- d) A director who is, or in the past five years has been, a Family Member of an individual who was employed by the Company or any of its affiliates as an executive officer. The term “Family Member” shall mean a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than household employees) who shares such person’s home.
- e) A director who, during the current fiscal year or any of the past five fiscal years, personally provided services to the Company or its affiliates that had an annual value in excess of \$60,000; or who was paid or accepted, or who has a non-employee Family Member who was paid or accepted, any payments from the Company or any of its affiliates in excess of \$60,000 other than compensation for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation.
- f) A director who is a partner in, or a controlling shareholder or an executive officer of, any organization (profit or non-profit) 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 one percent (1%) of the recipient’s consolidated gross revenues for that year in the current year or any of the past five fiscal years; unless, for provisions (e) and (f), the Board expressly determines in its business judgment that the relationship does not interfere with the director’s exercise of independent judgment.

4. **Director Responsibilities** The directors’ basic responsibility is to exercise their informed business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors’ and officers’ liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company’s Certificate of Incorporation, By-Laws and any indemnification agreements, and to exculpation as provided by state law and the Company’s Certificate of Incorporation and By-Laws. Consistent with the responsibilities of a director, conflicts of interest and any appearance of a conflict of interest should be avoided. Where a matter is presented for decision by the Board and it potentially presents a conflict of

interest for any director, the affected director(s) shall promptly advise the entire Board of such potential conflict in advance of any decision being taken and a determination by the Board, with the assistance of legal counsel, shall be made concerning the affected director(s) participation in any vote on the matter and the impact under the By-Laws of the Company concerning any such determination.

5. **Size of Board** The Board presently is authorized to have 9 members and it is the sense of the Board that this is an appropriate size Board given the nature of the Company and the desire for a high level of active participation by Board members. However, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate or to obtain for the benefit of the Board a particular set of skills or background experience or for other appropriate reasons.

6. **Director Time Commitments** Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors who also serve as executive officers of other public companies should not serve on more than two boards of public companies in addition to the Company's Board. Other directors should not serve on more than four other public company boards. No Audit Committee member shall serve on more than three public company audit committees, including the Company's audit committee. Further, directors should advise the Chair of the Board and the Chair of the Nominating & Governance Committee in advance of accepting an invitation to serve on another public company board or audit committee in order that the impact of such board membership on the director's independence and continued ability to discharge the duties of a Company director may be assessed.

7. **Retirement & Resignation** The Company's By-Laws provide that a director shall not be eligible for election or re-election as a director of the Company after his 72<sup>nd</sup> birthday, but do not otherwise provide for term limits. The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increased insight into the Company and its operations and, therefore, provide an increased contribution to the Board as a whole. While the provisions of the By-Laws are to be generally followed with respect to the age limitation on directors, the Board believes that in appropriate circumstances due to the skills, insight or expertise of a director, the age limit may be waived by unanimous decision of the Board. As an alternative to term limits, the Nominating & Governance Committee will review each director's continuation on the Board every three years as part of its recommendation concerning nomination for election to the Board, including any recommendation that the age limitation be waived in appropriate circumstances. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a director and an opportunity for the Nominating & Corporate Governance Committee to review a director's continuing ability to discharge the duties of a member of the Board.

A director who experiences a change in employment following his or her election to the Board shall, together with an explanation of the circumstances behind such change in position, offer to resign from the Board. The Committee shall evaluate the circumstances surrounding the director's change in position and recommend to the Board whether or not to accept the offer of resignation.

8. **Meeting Materials Distributed in Advance** Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors at least five business days before the meeting when practical, and directors should review these materials in advance of the meeting.

9. **Selection of Meeting Dates & Agenda Items for Board Meetings** The Board shall meet at least five times annually. The Chair will establish an agenda for each Board meeting. At the beginning of the year the Chair will establish a schedule of meetings and, to the extent practicable, the general agenda of subjects to be discussed during the year. 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.

10. **Management Attendance at Board Meetings** The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the Chief Executive Officer wishes to have additional Company personnel attendees on a regular basis, such shall be permitted absent an objection raised by a director and the Board's determination to exclude such additional attendees.

11. **Meetings of Non-Management and Independent Directors** For purposes of efficiency and effective utilization of the directors' time, the non-management directors will meet immediately before or after each regularly scheduled Board meeting. The independent directors shall meet without management and any non-independent directors present at least once each year. The non-management directors shall select a lead independent director at the annual meeting for a one-year term to preside over the non-management director meetings. The process for selecting that individual or his or her identity shall be disclosed in accordance with applicable law and New York Stock Exchange listing standards. The lead non-management director shall be responsible for scheduling, developing the agenda, providing any supplemental information necessary or appropriate to the agenda items, and presiding over the meetings of the non-management directors during the term of the individual's appointment. There shall not be any limit on the number of times that a non-management director may stand for reelection as the lead non-management director provided, that no director shall hold the position of Lead Non-Management Director for more than two consecutive terms in any four year period. Written minutes of the meetings may be prepared and, if prepared, they shall be promptly filed in the Company's records.

12. **Board Committees** The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating & Governance Committee. All of the members of these

committees will be independent directors under the criteria established by the New York Stock Exchange and the Board of Directors. Committee members and each committee Chair will be appointed by the Board upon recommendation of the Nominating & Governance Committee and with consideration given to the desires and capabilities of individual directors. It is the sense of the Board that some consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy. Members of the Audit Committee shall be financially literate or committed to becoming so shortly after their appointment. It is the Company's objective to always have at least one member on the Audit Committee that qualifies as a Financial Expert, as such term is defined in Item 401 (h) of Regulation S-K or any successor provision.

13. **Committee Governance Provisions** The following Committee provisions shall apply:

- a) Each committee will have a charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that the respective committee members will evaluate each committee's performance annually. The committee charters will be published on the Company's web site.
- b) The Chair of each committee, in consultation with the committee's members and management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's meeting agenda.
- c) The Board and each committee shall have the power to hire independent legal, financial or other advisors, as they may deem reasonably necessary and appropriate to discharge their duties as directors. The Company shall fund the expenses associated with any such experts or advisors.
- d) The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.
- e) Directors may direct a request for any committee meeting schedule and agenda to the committee chair and a Director may be allowed to attend any committee meeting on a non-voting, non-compensated basis.

14. **Director Access to Officers and Employees** Directors have full and free access to the Company's officers and employees. Any meetings or contacts that a director wishes to initiate should be arranged through the Chief Executive Officer or the Secretary. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the Chief Executive Of-

ficer on any written communications between a director and an officer or employee of the Company. In the case of any investigation undertaken by the Board on its own initiative or in response to allegations of misfeasance, malfeasance, criminal conduct or otherwise of any officer or employee of the Corporation, the Directors shall act in a manner that is consistent with protecting the confidentiality of persons reporting allegedly improper or illegal behavior and with due regard for substantive and procedural due process for the persons involved.

15. **Director Compensation** The Compensation Committee will determine the form and amount of director compensation in accordance with the policies and principles set forth in its charter, and it will conduct a periodic review of director compensation. In so doing, the Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels. The Company shall not make charitable contributions to organizations with which a director is affiliated. The Company shall not enter into a consulting contract or any other form of business dealing with (or provide other indirect forms of compensation to) a director or an organization with which a director is affiliated if such director is a member of the Audit Committee. The Company should generally avoid dealings with directors that provide a direct or indirect financial benefit, other than for services as a director, as might impair a director's independence or present a conflict of interest or the appearance of a conflict of interest. The Compensation Committee shall further be guided by the requirements of the New York Stock Exchange and the Securities and Exchange Commission concerning any further limitations on the compensation of directors and those serving on specific committees of the Board.

16. **Director Orientation and Continuing Education** All new directors must participate in the Company's Orientation Program, which should be conducted within two months of the annual meeting at which new directors are elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting, internal control and risk management issues, its compliance programs, its Code of Conduct, its principal officers, and its internal control processes and independent auditors. In addition, the Orientation Program and continuing director education will include visits to Company headquarters and, to the extent practicable, certain of the Company's significant facilities, which will occur over the normal course of Board meetings held at those locations. As appropriate to an understanding of the Company or the strategic and other issues it confronts, the Chair of the Board will utilize the occasion of Board meetings and other appropriate opportunities to address or have others address the Board on such matters. At least annually, each director will be asked to identify any relevant educational programs they completed during the year.

17. **Chief Executive Officer Evaluation** The Board, with input from the Chief Executive Officer, shall annually establish the performance criteria (including both long-term and short-term goals) to be considered in connection with the Chief Executive Officer's annual performance evaluation. Each year, the Chief Executive Officer shall make a presentation to the Compensation Committee in order for the committee to conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter. The Board will review the Com-

pensation Committee's report with the independent directors in order to ensure that the Chief Executive Officer is providing appropriate long and short-term leadership for the Company. The Chairman of the Compensation Committee should report the evaluation of the Chief Executive Officer to him.

18. **Management Succession Planning** The Nominating & Governance Committee should periodically report to the Board on succession planning. The Board will work with the Nominating & Governance Committee to conduct a search for and to nominate and evaluate potential successors to the Chief Executive Officer for successions occurring in the normal course. The Transition Plan in the Event of Unexpected Departure or Permanent or Temporary Incapacity of the Chief Executive Officer shall apply to any CEO succession occurring as a result of a triggering event under that plan. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals and shall otherwise actively participate in this process at the Board's pleasure.

19. **Selection of Chair and Chief Executive Officer** The Board has no policy with respect to the separation of the offices of Chair and Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination on these positions when it elects a new Chief Executive Officer.

20. **Annual Performance Evaluation** The Board will conduct an annual self-evaluation to determine whether it, its committees and individual directors are functioning effectively. The Nominating & Governance Committee will have the primary responsibility for overseeing the self-evaluation process in accordance with its charter. These assessments will be discussed with the full Board following the end of each fiscal year. The assessments will focus on areas in which the Board or management believes that the Board, its committees and directors could improve.

21. **Annual Compliance Evaluation** The Audit Committee will annually report to the Board on the status of the Company's programs and procedures for complying with legal and regulatory requirements and on any deficiencies noted in the Company's legal compliance program or in the enforcement of the Company's Code of Conduct. The Audit Committee will also report annually to the Board on the status of the Company's internal controls and procedures for compliance with the financial and other reporting required by the securities laws.