

## **DMC GLOBAL INC.**

### **Corporate Governance Guidelines**

The Board of Directors (the “Board”) of DMC Global Inc. (“Company”) has adopted the following corporate governance guidelines to promote the effective functioning of the Board and increase transparency and trust with shareholders. These guidelines will be reviewed annually.

#### **1 - Structure and Processes:**

The Board is charged with the direction of the Company, including responsibility for deciding how the Board itself should be organized, how it should function, and how it should order its priorities. The Board’s primary fiduciary objective is long-term value creation for the Company and its shareholders and to ensure management commitment to continued shareholder value appreciation. Governance form and process should follow these objectives. The Board provides both oversight and guidance to management regarding strategic planning, management succession, risk management, corporate performance and investor relations.

The Board is composed of a majority of independent directors meeting the listing standards of SEC and NASDAQ as well as being individuals possessing strong independence attributes that qualify them in the eyes of the Board to be named independent directors. The Board, on recommendation from the Corporate Governance and Nominating Committee, may periodically adjust the size of the Board upward or downward. This may be done, for example, to accommodate an overlap during a succession planning phase.

Much of the work of the Board will be conducted by its committees. The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. All of the members of these committees will be independent directors. The Board also will have, at all times, a Health, Safety, Security and Environment Committee. The Board may appoint additional standing and temporary committees as it deems appropriate. Committee members will be appointed by the Board upon recommendation from the Corporate Governance and Nominating Committee. Consideration should be given to rotating committee members periodically, but rotation is not mandated as a policy.

Each of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee shall have a charter that complies with the listing standards of the NASDAQ and all applicable laws and regulations. Each other standing committee may have a charter as determined in the discretion of the Board. The committee charters are published on the Company web site to the extent required.

The Board shall meet in person at least four times a year in regular meetings and, when necessary, by telephone or in person, in special meetings. The Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and the Health, Safety, Security and Environment Committee also will meet as required by their respective committee charters and as required to fulfil their responsibilities. In addition, the independent directors will meet in executive session at every regular, “in person” Board meeting to report any significant observations or suggestions to be brought to the full Board for decision. There will be clarity on which decisions must be taken by the Board and which ones are delegated to management. In

accord with the Code of Ethics published by the Company, confidentiality is a key value of Board work and processes.

*Audit Committee:* The Audit Committee is responsible for overseeing the integrity of the financial reporting process, overseeing the Company's compliance with the Code of Ethics as it relates to financial and accounting matters and compliance with legal and regulatory matters, overseeing third party auditors and understanding the Company's internal control structure and such other responsibilities as set forth in its charter, as it may be amended from time to time.

*Compensation Committee:* The purpose of the Compensation Committee is to carry out the responsibilities delegated by the Board relating to the determination of executive compensation and incentives, and corresponding performance reviews, and such other responsibilities as set forth in its charter, as it may be amended from time to time.

*Corporate Governance and Nominating Committee:* The purpose of the Corporate Governance and Nominating Committee is to be the "integrity guardian" of the Board as the Committee oversees the Company's compliance with the Code of Ethics, oversees and evaluates the Company's corporate governance practices, including documents and policies in the Company's corporate governance framework, reviews the quality of potential director and senior Company management candidates and the overall efficiency and performance of the Board and such other responsibilities as set forth in its charter, as it may be amended from time to time.

*Health, Safety, Security and Environment Committee:* The purpose of the Health, Safety, Security and Environment Committee is to strive to ensure that the highest practicable standards of health, safety, security and environmental protection are being selected and rigorously implemented, to review the Company's performance in meeting the objectives established by management and to facilitate the Board's oversight of these critical cultural and operational issues and such other responsibilities as set forth in its charter, as it may be amended from time to time.

## **2– Strategy, Planning and Culture:**

The Board is accountable for the overall corporate strategy and direction of the Company. The Board will conduct a detailed annual portfolio and business strategy review including, as appropriate, scenarios, objectives, business plans, budget review, key success factors, mergers, acquisitions, divestments and capital and other critical resource allocation. Performance against the plan will be reviewed at every regular Board meeting. Premises, scenarios and related risks will be analyzed and updated regularly. The strategy will include a shared long-term vision and a resource allocation plan. It will be communicated by management to create alignment and understanding at all levels of the organization and to key external stakeholders.

The Company culture embraces the shared values of integrity, transparency, ingenuity and promoting entrepreneurship throughout the Company while prioritizing performance excellence in health, safety, security and environment and adhering to disciplined cash flow management and return on invested capital policies. Adherence to the multifaceted regulatory world is a commitment as described in the DMC Code of Ethics. The Board will support this culture through its interaction with executives, management and employees and through the work of the Board and committees.

### **3 – Nomination and Succession:**

It is a primary mission of the Board to plan for the succession of the CEO and key officers. The CEO will participate with the Board in the development of that plan, and the Board will play a leading role in providing criteria and candidates for these positions.

The Corporate Governance and Nominating Committee will recommend director candidates to the Board for nomination and appointment in consultation with the Chairman and the CEO. A director shall serve no longer than the end of the term in which the earlier of the following occurs: (a) his or her 15<sup>th</sup> year of service as a non-employee director or (b) the director's 75th birthday.

In selecting director candidates and taking into consideration DMC's strategy, the Corporate Governance and Nominating Committee will be sensitive to the mix of skills, experience, openness and diversity making up the Board. Directors are expected to have broad experience, integrity, intelligence in business judgment and courage and independence in expressing their views. The Corporate Governance and Nominating Committee will recommend Chairman succession candidates to the full Board well in advance, to ensure a rigorous turnover between the outgoing and incoming Chairman.

At any shareholder meeting at which directors are subject to an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall submit to the Board a letter of resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. In the event that all members of the Corporate Governance and Nominating Committee are among the nominees for director who are offering to resign, the Board shall appoint a special committee of one or more other independent directors to act on behalf of the Corporate Governance and Nominating Committee with respect to this policy. The Board shall act promptly with respect to each such letter of resignation and shall promptly notify the director concerned of its decision.

### **4 – Risk Management and Internal Controls:**

A formal program of risk identification and quantification is established, prepared by management and discussed at the Board and in the various Committees. An on-going risk profile includes a "risk ownership and accountability" matrix that helps the development of risk mitigation plans. Risk mitigation action items are reviewed at least annually by the Board. Risk management outcomes will have ramifications for CEO and officer compensation.

Internal controls and financial reporting requirements from the regulatory viewpoint are under the scrutiny of the Audit Committee. This compliance effort is aided by specialized entities, such as auditors and internal audit teams. Operational performance controls rest with management, supported by oversight from the Audit Committee. DMC is a small cap enterprise with a truly global footprint, and as such, risks of operating in distant geographies may be increased as growth opportunities are enhanced. Risk is managed day-to-day within the Company as part of a risk

management plan. It is reported to the Board and reviewed comprehensively by the whole Board with the help of the various Committees.

## **5 – Board and Executive Performance and Development:**

The Board will annually conduct a self-evaluation process and may on occasion elicit assistance from an outside consultant to help the Board in this review process. The conclusions of the review will drive continuous improvement efforts by the Board and the committees to ensure effective leadership. Such a program is aiming at building both stability and evolution, resolving issues and preparing for the future. This review will determine the continuing education needs of the directors, which may be addressed through the Board affiliation with the National Association of Corporate Directors.

Board and committees are to receive accurate, sufficient, timely and clear information from management to constructively challenge recommendations before decision making. Directors will be provided full access to the management and employees of the Company as well as to relevant outside resources such as auditors, counsel or other Company advisors. In the quest to anticipate potential issues, directors will help management in identifying forward-looking metrics including non-financial measures to supplement the set of existing metrics.

Compensation plans built with the right incentives are critical to the CEO and team performance and at the heart of “say-on pay” demanded by the shareholders. Performance goals and objectives for the CEO will be determined by the Compensation Committee. The Compensation Committee will at least annually evaluate the performance of the CEO in light of the criteria previously established, will create the right climate for a constructive dialogue to exist on compensation and will report its evaluation to the independent directors during the executive session.

## **6 – Investor Relations and Communication:**

The Company will produce and publish annual and quarterly financial reports per the regulatory requirements of SEC and NASDAQ, under the oversight of the Board. The Audit Committee will appraise the Board relative to the financial performance of the Company and identify for discussion elements presenting a degree of materiality; appropriate public disclosures will ensue when required.

The Board will review the overall communication strategy developed by the Investor Relations team, including management road show schedules and reports, investor and analysis outreach and participation in industry conferences. In addition the annual shareholder meeting and proxy statement provides a platform for direct exchanges with the shareholders. DMC will be transparent relative to governance policies on how it protects shareholders’ interests and promotes long-term value at the Company.

Adopted by the Board of Directors on August 28, 2019