



TESSCO Technologies Incorporated

Corporate Governance Guidelines

The Board of Directors (the “Board”) of TESSCO Technologies Incorporated (the “Company”) has adopted these governance guidelines. The guidelines, in conjunction with the Company’s certificate of incorporation, bylaws, charters of the committees of the Board, and other governance documents, form a general framework to assist the Board in carrying out its responsibilities for the business and affairs of the Company to be managed by or under the direction of the Board. The Company believes that sound corporate governance is a key element in achieving its goal of creating long-term shareholder value. The governance structure of the Company is designed to be a working structure for the principled actions, effective decision-making, regular review of the independence of its directors, effective risk management programs and appropriate monitoring of both compliance and performance. These Guidelines are not intended as binding legal obligations or inflexible requirements, and are not intended to interpret applicable laws or regulations or modify the Company’s certificate of incorporation or bylaws.

ROLE OF THE BOARD OF DIRECTORS

The primary function of the Board is oversight-defining and enforcing standards of accountability that enable executive management to execute their responsibilities fully and in the interests of the shareholders. Consistent with that function, the primary responsibilities of the Board include:

- Reviewing, monitoring and approving the overall operating, financial and strategic plans, operating goals and performance of the Company
- Select, evaluate and retain the Company’s senior executives
- Assist management in the oversight of the compliance by the Company with applicable laws and regulations, including in connection with the public reporting obligations of the Company
- Oversee management to ensure assets of the Company are safeguarded through the maintenance of appropriate accounting, financial, and other controls
- Address principal financial, compensation, operational, strategic and legal risk exposures of the Company
- Provide advice and counsel to the Chief Executive Officer and other executive management of the Company
- Approve material investments or divestitures, strategic transactions and other significant transactions that are not in the ordinary course of the Company’s business or affect the long-term capital structure of the Company
- Establish appropriate committees of the Board for purposes of fulfilling any responsibilities delegated by the Board
- Annually evaluate the overall effectiveness of the Board and its committees

- Select and recommend candidates for election for the Board
- Evaluate and plan for the succession of the Chief Executive Officer and such other members of executive management as the Board deems appropriate

The Company's senior officers, under the direction of the Chief Executive Officer, are responsible for, among other things: the operations of the Company; implementation of the strategic, financial, and management policies of the company; identification, assessment and management of risk and risk mitigation strategies; preparation of financial statements and other reports that accurately reflect requisite information about the Company and timely reports which inform the Board about the foregoing matters.

To satisfy their duties, directors are expected to take a proactive, focused approach to their position, and set standards to ensure that the Company is committed to business success through the maintenance of high standards of responsibility and ethics.

The Board will hold regularly scheduled meetings at least quarterly and otherwise as appropriate to consider corporate decisions requiring its attention and action. It is the responsibility of each director to seek to attend all scheduled board and committee meetings, including the annual shareholders' meeting and all special meetings of these bodies, when possible in person, or by telephone or videoconference. Independent directors will meet on a regularly scheduled basis in executive session without the Chief Executive Officer or other members of Company management present.

In order to promote robust independent leadership on the Board, upon the recommendation of the Nominating and Governance Committee, the independent members of the Board may appoint an independent director to serve as Lead Director. The Lead Director is responsible for (1) assuring that the independent directors meet in executive sessions typically before and/or after each Board meeting, (2) facilitating communications between other independent directors and the Chairman of the Board and Chief Executive Officer, and (3) consulting with the Chairman of the Board and Chief Executive Officer on matters relating to corporate governance and Board performance. The term of the Lead Director runs from one Annual Meeting of Shareholders to the next Annual Meeting of Shareholders.

DIRECTOR QUALIFICATIONS

Qualities sought in directors include: (i) a reputation for high ethical standards, (ii) an inquisitive nature, (iii) demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and a willingness to contribute positively to the decision making process of the Company, (iv) a record of outstanding skills and accomplishments in their personal careers, (v) ability and desire to communicate and participate actively in board and committee sessions, and (vi) ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include shareholders, employees, customers, vendors, suppliers, creditors and the general public, and to act in the interests of all stakeholders. Directors must be willing to devote the time necessary to learn and remain current on the Company's business and relevant industry trends and to prepare for and actively participate in Board and committee sessions.



In addition to the qualities identified above, the Board seeks, in its members, diversity in age, gender, ethnicity and culture, race, national origin and geographical background, as well as diversity in background, skills, education and professional experience relevant to the Company's business.

IDENTIFICATION AND CONSIDERATION OF CANDIDATES

The Board has overall responsibility for the selection of candidates for nomination or appointment to the Board, provided that nominees for election or re-election by the stockholders and appointees to fill board vacancies will be approved by a majority of the independent directors. The Nominating and Governance Committee of the Board will recommend director candidates to the Board for nomination or appointment.

INDEPENDENCE OF BOARD MEMBERS

At least a majority of the Board should be "independent" as defined by applicable regulations including the SEC and NASDAQ rules. If an independent director of the Board becomes non-independent for any reason, resigns, is terminated, dies or becomes unable to serve for any other reason, the Board may continue to operate without an independent majority for a period of time necessary to achieve the independence percentage requirement, which period shall not exceed the period allowed under such circumstances by applicable SEC and NASDAQ rules. It is permissible for the Company to have management representatives on the Board. The Board will affirmatively determine annually and at other times required by the listing standards that the directors designated as independent have no material relationships to the Company (either directly or with an organization in which the director is a partner, stockholder or officer, or is financially interested) that may interfere with their independence. Directors are required to notify the Board when his or her principal occupation or business association changes substantially from the position held when the director originally joined the Board.

TERM, TENURE AND RETIREMENT

Directors should not expect to be re-nominated annually. The Board, based on recommendations by the Nominating and Governance Committee, will review each director's continuation on the Board, every year. In determining whether to nominate a director for re-election, the Board considers the director's participation in and contributions to the activities of the Board, the director's independence and past meeting attendance, whether the director's skills and expertise continue to align with the Company's long-term business strategy, and the membership criteria otherwise established by the Board.

A director shall not be re-nominated by the Board to serve as a director beyond the end of an elected term during which the director achieves his or her 76th birthday, provided that the Board may re-nominate a director to serve for one additional term commencing after the end of an elected term during which the director achieves his or her 76th birthday if the Board determines that the director's particular circumstances, contributions or expertise so warrant.

DIRECTOR SERVICE ON OTHER PUBLIC BOARDS

Serving on the Company's Board requires significant time and attention. Directors are expected to spend the time needed and meet as often as necessary to discharge their responsibilities properly. The Board, however, does not believe that its members should be prohibited from serving on boards or committees of other organizations, and the Board has not adopted any specific guidelines limiting such activities,



however, the Nominating and Governance Committee may take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations for nominations.

BOARD COMMITTEES; INDEPENDENCE OF COMMITTEE MEMBERS

The Board has an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Risk and Strategy Committee, each of which has a written charter that has been approved by the Board. These committees meet regularly. Assisted by recommendations of the Nominating and Governance Committee, the Board annually appoints the committee chairs and members who comply with independence and skills established by the NASDAQ rules. The Board may establish additional committees from time to time. The Company will afford access to the Company's employees, professional advisers and other resources, if needed, to enable committee members to carry out their responsibilities.

ANNUAL BOARD SELF EVALUATION

The Board performs an annual self- evaluation, including assessments for each director and a separate evaluation for the Chairman of the Board.

ETHICS, CONFIDENTIALITY, CONFLICT OF INTEREST

The Board will always act ethically, and Board members will adhere to the Company's Code of Business Conduct and Ethics. If an actual or potential conflict of interest with the Company is determined to exist for any director, including as a result of any relationship the director may have with an entity that the director knows to be a customer, supplier, vendor, competitor or consultant to the Company, the director will inform the Chief Executive Officer and the Board or Chairman of the Audit Committee or Lead Director. At a minimum, such conflicted directors will recuse themselves from any Board decisions relative to the conflict, pending resolution of such conflict.

SHAREHOLDER COMMUNICATIONS WITH BOARD

Shareholders who wish to communicate with the Board, any individual director, including any committee chair and the Lead Director may do so by written communication directed to the Corporate Secretary of the Company. Shareholders can send communications by e-mail to corporatesecretary@tessco.com, or by mail to Corporate Secretary, TESSCO Technologies Incorporated, 11126 McCormick Road, Hunt Valley, Maryland 21031. The name of any specific intended Board recipient should be noted in the communication. The Corporate Secretary reviews such correspondence and periodically provides to the Board copies of communications that deal with functions of the Board or its committees. Typically, the Corporate Secretary will not provide communications deemed of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration. Some of that correspondence may instead be forwarded elsewhere in the Company for review and possible response.

EQUITY OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The Board believes that it is important for the Board and the executive officers to be committed to the long-term retention and creation of value for shareholders. Each independent member of the Board



should own at least 10,000 shares of Common Stock (including vested or unvested restricted stock and restricted stock units) by the third anniversary of such director's initial election.

PROHIBITIONS ON HEDGING AND PLEDGING OF COMPANY SECURITIES

Directors and executive officers may not enter into hedging, monetization transactions, or similar arrangements with respect to Company securities and may not pledge Company securities as collateral.

CONSIDERATION OF DIRECTOR RESIGNATIONS

An incumbent director standing for re-election by the Company's shareholders who does not receive an affirmative vote of a majority of the votes cast in his or her re-election in an uncontested election must offer to tender his or her resignation within ten (10) business days after certification of the election results, which offer will then be subject to acceptance or rejection by the Board. The Nominating and Governance Committee will then assess the appropriateness of the continued service of the director and recommend to the Board the action to be taken on such tendered resignation. The Nominating and Governance Committee may recommend accepting the resignation, to delay acceptance until a suitable candidate to replace the director is recruited and elected, or to reject the resignation and address the underlying reason for the director's failure to receive an affirmative vote. The Board will act on the Nominating and Governance Committee's recommendation within ninety (90) days after certification of the election results.

COMPENSATION

The Compensation Committee approves the compensation structure for the Company's officers and evaluates the performance of the executives before approving their bonus and other incentive compensation. The Compensation Committee studies and recommends to the Board, compensation for non-employee directors based on such factors as the work required of particular roles, legal considerations, similar practices of comparable companies and other relevant factors.

The Board values the input of shareholders regarding compensation practices of the Company. With the frequency required by the shareholders, the Board will approve a proxy that gives shareholders the opportunity to vote, on a non-binding, advisory basis, to ratify the compensation of the Company's named executive officers as shown in the summary compensation table and related notes contained in the proxy.

DISCLOSURE

This Guideline will be published under the Governance section of the Company's investor relations website and will be described or referred to in the Company's annual report and proxy statement.

Effective Date: April 5, 2020