



## **CORPORATE GOVERNANCE GUIDELINES**

### **1. Introduction**

The Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Universal Display Corporation, a Pennsylvania corporation (the “Company”), has developed, and the Board has adopted, these Corporate Governance Guidelines (these “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve best the interests of the Company and its shareholders. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term shareholder value.

These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Pennsylvania Business Corporation Law, or the amended and restated articles of incorporation of the Company or the by-laws of the Company (as amended and restated, the “Bylaws”). These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

The Committee shall review these Guidelines periodically and recommend amendment to the Board as it determines to be necessary or appropriate. Upon such recommendation, the Board may modify these Guidelines from time to time as it determines to be necessary or appropriate.

### **2. Directors’ Responsibilities**

The primary responsibility of the Board is to exercise its business judgment to act in what it reasonably believes to be the best interests of the Company and its shareholders. In carrying out its responsibilities, the Board oversees changes to the Company’s management, acts as an advisor to management and oversees management’s performance. It is management’s responsibility to manage the day-to-day operations of the Company. The responsibilities of the Board include, but are not limited to, the following:

- (a) providing advice and counsel to the Company’s Chief Executive Officer (the “Chief Executive Officer”) and principal senior executives;
- (b) selecting, regularly evaluating, and fixing the compensation of the Chief Executive Officer;
- (c) overseeing the conduct of, and compliance with, the Company’s business and strategic plans and policies, including the Company’s Code of Ethics & Business Conduct, to evaluate whether the business is being properly managed in accordance with such plans and policies;

- (d) reviewing and approving the Company's financial objectives and major corporate plans and actions;
- (e) reviewing and approving major changes in the appropriate auditing and accounting principles and practices;
- (f) providing oversight of internal and external audit processes and financial reporting;
- (g) providing oversight of risk assessment and protection processes and processes designed to ensure legal and regulatory compliance, including with respect to cybersecurity and other information security risks, controls, procedures, and training; and
- (h) performing such other functions as the Board believes are appropriate or necessary, or as otherwise prescribed by rules or regulations.

The Board discharges its responsibilities either directly or by delegating certain responsibilities to its committees. In discharging their responsibilities, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

### **3. Candor and Avoidance of Conflicts**

The directors recognize that candor and the avoidance of conflicts in fact and in perception are hallmarks of the accountability owed to the shareholders. Directors have a personal obligation to disclose any potential conflicts of interest to the Chair of the Board prior to any Board discussion or decision related to the matter and, if the Chair, in consultation with legal counsel, determines a conflict exists or the perception of a conflict is likely to be significant, to recuse themselves from any discussion or vote related to the matter.

### **4. Independent Directors**

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing rules of the Nasdaq Stock Market ("Nasdaq"). The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (or any of its affiliates (as used herein, such term shall have the meaning set forth in Rule 144(a)(1) promulgated under the Securities Act of 1933, as amended)), either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company, will be considered Independent Directors, subject to additional qualifications prescribed under the listing rules of Nasdaq or under applicable law.

### **5. Chair's Responsibilities**

The Chair of the Board's responsibilities will include convening and chairing the regular and, unless the Chair of the Board is not an Independent Director, executive sessions of the

Board, and ensuring that appropriate agendas and schedules for meetings of the Board and information are sent to the Board.

**6. Lead Independent Director**

If the Chair of the Board is not an Independent Director, the Company's Independent Directors may designate one of the Independent Directors on the Board to serve as a lead Independent Director (the "Lead Independent Director"). The Lead Independent Director's duties may include such activities as the Board may deem appropriate.

**7. Regular Executive Sessions of Non-Management Directors**

The Chief Executive Officer and other key members of management regularly attend meetings of the Board by invitation. The directors who qualify as "independent" under Nasdaq listing standards will meet in executive session at each regularly scheduled meeting of the Board. In addition, non-employee directors will meet in regularly scheduled executive sessions without management present to discuss issues relating to management performance and any other issue that may involve a conflict concerning management.

**8. Board Membership Criteria**

The Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current composition of the Board as a whole. This assessment should include consideration of the perceived needs of the Board at that point in time.

**9. Director Nominations**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Committee is responsible for overseeing succession planning for the Board, including identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Committee shall seek and identify individuals qualified to become Board members and also consider advice and recommendations from others, as it deems appropriate.

**10. Director Resignation Policy**

An incumbent director who does not receive the requisite affirmative majority of the votes cast for his or her re-election must tender his or her irrevocable resignation to the Board (including in any non-contested Election for the Board). The independent members of the Board (excluding the nominee in question if applicable) would then consider the resignation offer and make a recommendation to the Board as to whether to accept the director's resignation. Within ninety (90) days following certification of the shareholder vote, the independent members of the Board (excluding the nominee in question if applicable) would make a final determination as to whether to accept the director's resignation.

## **11. Director Tenures**

The Board does not believe that it should establish term limits for directors. After deliberation, the Board has determined that term limits hold the disadvantage of losing the contributions of directors who have been able to develop, over a period of years, 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 Committee shall consider, in connection with each director nomination recommendation, the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board as a whole maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted, by the Committee in connection with each director nomination recommendation.

## **12. Board Compensation**

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The form and amount of non-employee director compensation will be determined by the Committee and the Company's Human Capital Committee. These committees shall evaluate annually the level and form of Board compensation in relation to comparable U.S. companies (in terms of size, industry, complexity, etc.) and report their findings and recommendations to the Board. Changes to director compensation will be proposed to the full Board for consideration. In order to align the interests of directors with shareholders, directors are encouraged to own stock in the Company, and to that end, part of director compensation shall be equity based.

## **13. Selection of Board Meeting Agenda Items**

The Chair of the Board shall be responsible for the preparation of an agenda for each meeting of the Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as be free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **14. Attendance at Board Meetings and Review of Board Materials and Information**

Absent unusual circumstances, each Board member is expected to attend all meetings of the Board and committees on which such member serves and is expected to attend the Company's Annual Meeting of Shareholders. Information and data that is 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 before the meeting. Each Board member is requested to review this information prior to the Board meeting to which it relates. It is understood, however, that materials regarding extremely confidential matters may not be delivered to directors in advance.

**15. Board Meeting Presentations**

As a general rule, Board meeting time is reserved for discussion. Presentations on specific subjects are sent to directors in advance so that Board meeting time may focus on questions that the Board has about the material. However, it is recognized that there may be occasions for which this general rule is not practical.

**16. Board Access to Senior Managers and Independent Advisers**

Directors have full access to senior management and are entitled to expect management to be responsive to requests for information from directors. 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 not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company. Directors shall have access to the Company's independent advisors following consultation with the Chair of the Board and Chief Executive Officer.

**17. Board Interaction with the Press, Customers and Other Constituencies**

The Board believes that management should speak for the Company and that the Chief Executive Officer should be responsible for establishing effective communications with the Company's various constituencies (such as shareholders, customers, employees, suppliers, community groups and governmental authorities).

It is expected that Board members would meet or otherwise communicate with the Company's constituencies only with the knowledge of management and, absent unusual circumstances or as contemplated by committee charters, only at the request of management. In instances when public comments from the Board (as distinct from the Company) are appropriate, they should, in most circumstances, come from the Chair.

**18. Direct Shareholder Communication with the Board**

Shareholders interested in communicating directly with the Board or any individual directors, including communication of concerns relating to accounting, internal accounting controls, audit matters, fraud or unethical behaviors, may do so by email to [governance@oled.com](mailto:governance@oled.com) or by writing to the directors at the following address:

Name of Director or Directors  
c/o Corporate Secretary  
Universal Display Corporation  
250 Phillips Boulevard  
Ewing, NJ 08618

Information regarding these methods of communication can be found on the Company's web site, [www.oled.com](http://www.oled.com), under "Corporate Governance."

**19. Number, Structure and Independence of Board Committees**

The Board currently has five standing committees: Audit; Human Capital; Nominating and Corporate Governance; Environmental & Social Responsibility; and Investment. Membership on the Audit, Human Capital and Nominating and Corporate Governance Committees is limited to directors who are determined to be independent in accordance with the criteria established by Nasdaq.

Each of the Audit and Human Capital Committees and, if it or the Board deems appropriate, the Nominating and Corporate Governance Committee, the Environmental & Social Responsibility Committee, and the Investment Committee, each shall have its own charter, copies of which shall be made available on the Company's website where required by law or regulation or at the Board's discretion. The charters shall set forth the purposes, duties, responsibilities and authority of the committees as well as qualifications for committee membership, if any, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board may, from time to time, form new committees or disband current committees as it deems necessary or appropriate.

**20. Assignment and Rotation of Committee Members**

The Committee shall be responsible, after consultation with the Chair of the Board and with consideration of the desires of individual Board members, for making recommendations to the Board with respect to the assignment of Board members to various committees.

**21. Succession Planning**

The Committee, in consultation with the Chief Executive Officer, will make a report, as appropriate, to the Board on Company executive succession planning. The entire Board will work with the Committee to consider and evaluate any potential executive successors. The Board believes that succession planning is critical in the event the Chief Executive Officer or other key executive ceases to serve for any reason, including resignation or unexpected disability, or if their service is temporarily disrupted.

**22. Publication of Corporate Governance Guidelines and Committee Charters**

The Board shall publish on the Company's website these Corporate Governance Guidelines and the charters of the Audit, Human Capital and Nominating and Corporate Governance Committees and, if applicable, other committees as determined by the Board, and make them available upon request as required by the listing standards of the Nasdaq and the applicable rules of the U.S. Securities and Exchange Commission.