

**ICO, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Effective as of January 25, 2007**  
**As amended May 7, 2008**

**1. Introduction**

These Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors (the “Board”) of ICO, Inc. (the “Company”) as a set of operating rules and principles for the Board’s operations. To the extent these Guidelines conflict with any provision of the Company’s Articles of Incorporation or Bylaws, as amended and restated (referred as the “Articles” and “Bylaws” respectively), the Articles or Bylaws, as applicable, shall govern. The Governance and Nominating Committee shall have responsibility for periodically reviewing these Guidelines and recommending any proposed changes to the Board for approval.

**2. Size of the Board**

As set forth in the Company’s Bylaws, the number of directors that shall constitute the whole Board of Directors shall not be less than six nor more than twelve, and the exact number may be fixed from time to time by a majority of the total number of authorized directors, whether or not there exists a vacancy in any previously authorized directorships.

**3. Director Criteria for Membership and Selection**

a. The majority of directors shall meet the criteria for independence required by any applicable rules and regulations of the NASDAQ Stock Market (“NASDAQ”) and the Securities and Exchange Commission (“SEC”). The Board, with the assistance of the Governance and Nominating Committee, will determine at least on an annual basis whether each director satisfies the criteria for director independence. The Governance and Nominating Committee will evaluate each director against the established criteria and will present the findings and recommendations to the Board. The Board will then make a formal determination on whether each director is independent.

b. The Board, with the assistance of the Governance and Nominating Committee, will determine at least on an annual basis whether each director satisfies the criteria necessary to be deemed an “audit committee financial expert” under applicable rules of the SEC. The Governance and Nominating Committee will evaluate each outside director against the established criteria and will present the findings and recommendations to the Board. The Board will then make a formal determination on whether a director can be deemed an “audit committee financial expert.”

c. The Governance and Nominating Committee of the Board is responsible for assisting the Board by identifying individuals qualified to become Board members by recommending to the Board the director nominees for election at the annual meetings of stockholders or for appointment to fill vacancies, consistent with criteria approved by the Board.

Nominees for directorship will be selected by the Governance and Nominating Committee in accordance with the provisions of its charter. The formal invitation to a candidate to join the Board shall be extended by or on behalf of the Board itself, by the Chairman of the Governance and Nominating Committee or the Chairman of the Board.

d. The Governance and Nominating Committee is responsible for reviewing the advisability or need for any change in the number and composition of the Board, and shall make recommendations to the Board regarding these matters when necessary or appropriate.

e. Each director may serve as a director of additional public companies, but only to the extent that such additional service does not compromise such director's ability to devote his or her time and attention to his or her duties to the Board and to the Company's affairs so as to be an effective director, or otherwise present an impermissible conflict of interest. In the case of a Director's impending appointment to the board of directors of another company, the Director shall comply with clause 6(e) below.

#### **4. Board Committees**

a. The Board will have at all times an Audit Committee, a Compensation Committee and a Governance and Nominating Committee.

b. All of the members of these Committees will be "independent" directors under the applicable NASDAQ and SEC rules. Committee members will be appointed by the Board with consideration of the recommendations of the Governance and Nominating Committee, in accordance with all other such criteria as may be established by the NASDAQ and/or SEC, or as may be contained in the charters governing such committees, from time to time, with consideration given to the desires of individual directors.

c. Each Committee will have its own charter. The charters will set forth purposes, policies, and responsibilities of the committees. Each Committee shall at least annually review its charter and make recommendations to the Board for approval regarding any changes to its charter. Any changes to Committee charters must be approved by the Board.

d. Each Committee will have a Chairperson. In general, the Chairperson shall be responsible for the overall activities of the Committee and for ensuring that the Committee achieves its purposes. The Chairperson of each Committee, in consultation with the appropriate members of management and staff, will develop the Committee's agenda for each meeting, which will be circulated in advance of the meeting. At regularly scheduled quarterly meetings of the Board, and at such other meetings of the Board to the extent necessary or appropriate, a Committee's Chairperson will present reports of any recent significant activity of such Committee to the full Board.

e. The Board may, from time to time, establish or maintain additional committees as it deems necessary or appropriate.

## **5. Board Meetings and Access to Management and Advisors**

a. The Board generally meets in formal sessions four times per year (prior to the release of quarterly and annual earnings, “Quarterly Board Meetings”), and at such other times as the Board deems necessary or appropriate. Directors are expected to participate in all Board meetings and meetings of Committees on which they serve. Directors are also expected to spend sufficient time to prepare for meetings. The Chairman of the Board, with the assistance of the Chief Executive Officer and other members of executive management and staff, will prepare the agenda for each Board meeting, taking into account suggestions from Board members.

b. The meeting agenda, and other information and data that is relevant to the Board members’ understanding of the matters to be discussed at an upcoming Board meeting and that is practical to provide, shall be distributed to all members of the Board in advance of the meeting. The Board recognizes that the Board’s proceedings and deliberations, including those of its Committees, are confidential, and that each director shall maintain the confidentiality of information received in connection with her or his service as a director.

c. The Board has open and complete access to management and, as necessary and appropriate, independent advisors. The Board may arrange to meet with managers at any level without senior management present. The Board welcomes the regular attendance of senior management or other persons at Board meetings to the extent that they can provide additional insight and expertise into matters being discussed by the Board and the Committees.

d. Independent directors shall have regularly scheduled executive sessions at which only independent directors are present (“executive sessions”). It is expected that executive sessions will occur at the end of Quarterly Board Meetings and at such other times as the independent directors deem necessary or appropriate.

e. The Board and each Committee have the power to consult with internal legal or other advisors or hire independent legal, financial or other advisors as they may deem necessary or appropriate, without consulting or obtaining the approval of any officer of the Company in advance. The Company shall provide sufficient funding for the payment of compensation to such advisors.

## **6. Director Responsibilities**

a. Ultimately, all of the business of ICO is managed under the direction and oversight of the Board of Directors. The Board appoints the Chief Executive Officer of ICO, and appoints other members of its executive management team, who are responsible for the day-to-day business management. Each member of the Board is responsible for overseeing management, exercising its business judgment, acting in good faith and taking actions that are in the best interest of ICO’s shareholders.

b. In fulfilling their responsibilities, the members of the Board are expected to:

- represent the collective interest of all ICO's stakeholders,
- maintain a high level of integrity on an individual and collective basis,
- apply themselves to understanding the business of ICO, its industries and significant risks,
- review and monitor the long-term strategies, plans, goals and business objectives of ICO as presented by senior management,
- evaluate the financial performance of ICO on a regular basis,
- conduct objective periodic reviews and assessments of the performance of the Chief Executive Officer of ICO,
- devote sufficient time to Board and committee meetings and related activities,
- conduct management succession planning and review, and
- abide by ICO's Code of Business Ethics.

c. Directors should function in a manner consistent with the highest level of professional ethics and integrity. Waivers to the ICO Code of Business Ethics for executive officers and directors may only be granted by the Board and must be disclosed in accordance with NASDAQ and SEC requirements.\

d. Prior to an impending job change or appointment to the board of directors of another company, a Director shall promptly inform the Company's General Counsel and the Chairman of the Board, in order that they may determine whether the Director's new position may present a conflict of interest. In the event that the Company's General Counsel and Chairman of the Board determine that there is a possibility of a conflict of interest, the Board shall make a determination whether the position will constitute a conflict of interest such that the director's resignation is warranted.

e. Directors shall be mindful of potential conflicts of interest between a director's personal interests and the director's responsibility to the Company. If an actual conflict arises, a director shall promptly inform the Company's General Counsel and the Chairman of the Board. If a significant conflict of interest exists that cannot be reasonably resolved, the director shall resign. It is the responsibility of the Board to decide any conflicts questions.

f. The Compensation Committee will annually review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and, subject to Board approval, set the compensation of the Chief Executive Officer based on this evaluation.

## 7. **Director Compensation**

Director compensation should be adequate to compensate directors for their time and effort expended in satisfying their obligations. Non-management members of the Board of Directors are paid an annual base fee, payable quarterly, plus meeting attendance fees. Certain members of the Board (the Chairman of the Board and Committee Chairpersons) may be paid an additional annual base fee or other additional amounts commensurate with their additional

services performed for the benefit of the Company, as outlined in the Company's annual proxy statement. The non-management members of the Board also receive equity-based compensation as outlined in the Company's annual proxy statement. If, in the view of any member of the Board, director independence is potentially or actually threatened by the nature or amount of direct or indirect compensation, perquisites, or donations to or contracts with a director or a director's affiliate, all information relevant to the matter shall be provided to the Governance and Nominating Committee for its review and recommendations.

#### **8. Director Education**

The Company shall facilitate and pay any expenses necessary or appropriate in connection with orientation and continuing education for all members of the Board. Education consists primarily of presentations from senior management regarding ICO's strategic plans, significant accounting and financial issues, unique transactions, and compliance techniques. Internal audit, external accountants, consultants, and internal and external legal counsel shall make additional presentations to the Board or Committees thereof when deemed necessary or appropriate.