



**Simmons First  
National Corporation**

## **CORPORATE GOVERNANCE PRINCIPLES**

*As Revised and Adopted by the  
Board of Directors on March 22, 2017*

# SIMMONS FIRST NATIONAL CORPORATION CORPORATE GOVERNANCE PRINCIPLES

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## **MISSION**

The mission of the Board of Directors (the “**Board**”) of Simmons First National Corporation (the “**Corporation**”) is to represent the interests of the Corporation’s shareholders in managing a successful business, attainment of the corporate mission, increasing shareholder value and the oversight of the Corporation’s executive officers (“**Management**”) to achieve those results.

The Board is responsible to ensure that Management is capable of executing an appropriate business plan under all business conditions. The Board should regularly monitor the effectiveness of Management’s decisions and policies, including the execution of its short- and long-range strategic plans. The Board should ensure that an effective system of internal controls and review is in place for safeguarding the Corporation’s assets, managing the major risks faced by the Corporation, accurately reporting the Corporation’s financial condition and results of operations, adhering to key internal policies and authorizations and complying with applicable laws and regulations.

The Board is also responsible for considering the interests of the other stakeholders of the Corporation, including its customers, associates and the communities in which it operates.

Directors owe a duty of loyalty to the Corporation and its shareholders and must always act in the best interests of the Corporation and its shareholders.

## **BOARD OF DIRECTORS**

### **Directors’ Duties**

The business of the Corporation is managed under the direction of its Board. The Board delegates to Management the authority and responsibility for managing the everyday affairs of the Corporation. The extent of this delegation may vary depending on the circumstances affecting the operations of the Corporation. In addition to reviewing and approving specific corporate actions, the principal duties of the Board are to:

- (i) Select, regularly evaluate and, if necessary, replace the Chief Executive Officer, set Management compensation and review succession planning;
- (ii) Review and, where appropriate, approve the major strategies and the financial and other objectives of the Corporation;
- (iii) Advise Management on significant issues facing the Corporation;
- (iv) Oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- (v) Nominate prospective directors and ensure that the structure and practices of the Board provide for sound corporate governance.

Each director should represent the interests of all shareholders, not those of any single individual or group of shareholders or any single interest group. Directors have an affirmative obligation to stay current on developments in finance, accounting and corporate governance. The directors should participate in programs of continuing education related to this obligation.

Directors have an affirmative obligation to attend meetings of the Board and its committees and to become, and thereafter remain, independently familiar with Corporation's operations. Directors should not rely exclusively on information provided by the Chief Executive Officer and Management to do their jobs.

### **Board Composition**

The number of directors serving on the Board should be sufficiently numerous to provide breadth of experience and diversity of views but small enough to allow the effective operations necessary to efficiently accomplish the duties of the Board.

The number of directors serving on the Board shall be set, in accordance with the Corporation's By-Laws and applicable law, by shareholders at the annual meeting or at other times as may be provided by law. In addition, the Board, from time to time, may increase or decrease the number of directors in accordance with the By-Laws and applicable law.

The Board may select an independent director as the Lead Director to preside at executive sessions of the directors and communicate with the Chief Executive Officer on any matters discussed by the directors in executive sessions.

### **Change of Circumstances, Conflicts of Interests**

The selection of directors to serve on the Board should consider the current and expected future business environment, as well as the expertise, relationships and business credentials of the individual. If a material change in circumstances involving a director occurs, the Board should have an opportunity to evaluate whether continued service of that individual as a director is appropriate.

Each director should notify the Chairman of the Board if there is a substantial change in his or her business or professional position, health status, location of business or residence or other relevant circumstances. The Chairman of the Board will submit the information received to the Nominating and Corporate Governance Committee ("NCGC"), which will then submit its recommendation to the Board.

There shall be no presumption that in every instance in which a director retires or incurs a material change in circumstances that the director should cease serving in that

capacity. There should, however, be an opportunity for the Board, through the NCGC, to evaluate the appropriateness of the individual's continued service as a director under the changed circumstances.

The resignation of an officer of the Corporation who also serves as a director shall be presumed to also include the resignation as a director. If the officer desires to continue to serve as a director, he or she shall so advise the Chief Executive Officer, who shall bring this matter to the Board for consideration.

In order to prevent conflicts of interests, directors are prohibited from serving on the board of directors of another depository institution or a depository holding company without consent of the Board. Moreover, a director should advise the Chairman of the Board and the Chairman of the NCGC in advance of accepting an invitation to serve on the board of directors of another financial services company or another publicly-traded company. A director should not serve on the board of directors of more than two (2) other publicly-traded companies. Any exception to these principles must be approved by the both the NCGC and the Board.

### **Term of Election, Mandatory Retirement**

Independent directors should not stand for re-election after they attain any of the following:

- at least age 75 and at least 15 years of service as a director;
- 20 years of service as a director; or
- age 80.

### **Board Performance Evaluation**

The overall performance of the Corporation will be enhanced by the regular evaluation and assessment of the effectiveness of each of the governing bodies, processes and procedures utilized in the governance of the Corporation. The performance of the Board should be internally evaluated regularly. The NCGC shall undertake an evaluation of the performance of the Board and report its findings to the Board at least annually.

This evaluation should address the contribution of the Board as a whole and specifically address any areas in which the Board could make a better contribution to the governance of the Corporation.

## **DIRECTOR SELECTION AND INDEPENDENCE**

### **Selection of New Directors**

The Board should be responsible for selecting its own nominees for director and in recommending those nominees for election by the shareholders. The Board has delegated the identification and evaluation of prospective directors to the NCGC. In the identification and evaluation process, the NCGC shall consult with the Chairman of the Board and the

Chief Executive Officer. Each prospective director, after evaluation by the NCGC, shall be presented to the Board for approval.

The NCGC in the evaluation process for selecting prospective directors shall consider the following:

- (i) Geographic location of residence and business interests,
- (ii) Type of business interests,
- (iii) Age,
- (iv) Business and financial expertise,
- (v) Community involvement,
- (vi) Leadership profile,
- (vii) Ability to think independently,
- (viii) Personal and professional ethics and integrity,
- (ix) Ability to fit within the Corporation's corporate culture, and
- (x) Ownership of the Corporation's stock with a commitment to representing the long-term interests of the Corporation's shareholders.

In evaluating prospective directors of the Corporation, the NCGC should strive to maintain diversity. Among the various characteristics to be considered in analyzing the diversity of the Board are: race, gender, age, profession or occupation, place of residence and such other factors as the Board may deem appropriate. In order to pursue geographic diversity, the Board should strive to select prospective directors from the various markets in which the Corporation does business.

## Director Independence

The NCGC shall assess and determine the independence of each director and shall report such findings to the Board for consideration and approval. Such assessment shall be made applying the independence criteria set forth in the applicable listing requirements of the securities exchange(s) on which the Corporation's securities are listed and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), noting the differing standards of independence that may be applicable to different committees or positions. In addition, the NCGC shall apply the following standards and shall broadly consider all relevant facts and circumstances:

- (i) A director shall not be considered to be "independent" if any of the following conditions exist at the time of determination or existed at any time during the three-year period immediately preceding the time of determination:
  - a. Employment by the Corporation, which for purposes of this principle shall include its subsidiaries and affiliates;
  - b. Employment of an immediate family member as an executive officer of the Corporation;
  - c. Employment by or affiliation with the Corporation's independent auditor;
  - d. Employment of an immediate family member as a partner, principal or manager by the Corporation's independent auditor.

For purposes of the above, "immediate family member" includes the following:

Husband	Wife	Child
Stepchild	Mother	Step-mother
Father	Step-father	Brother
Step-brother	Half-brother	Sister
Step-sister	Half-sister	Legal guardian
Mother-in-law	Father-in-law	Daughter-in-law
Son-in-law		

"Sister-in-law" shall mean one of the following: husband's sister, wife's sister or brother's wife. "Brother-in-law" shall mean one of the following: wife's brother, husband's brother or sister's husband. Note: Husband's brother's wife, or wife's sister's husband are not considered an "immediate family member."

- (ii) Unless specified to the contrary in the SEC's rules and regulations or the listing requirements of the securities exchange(s) on which the Corporation's securities are listed, the following relationships shall not be considered to be material relationships that would impair, or appear to impair, a director's

ability to make independent judgments and, therefore, shall not alone prevent a director from being considered to be “independent”:

- a. Employment as an executive officer of a company that does business with the Corporation, if the employing company’s annual sales to or purchases from the Corporation are less than one (1) percent of the annual revenues of the employing company.
- b. Employment as an executive officer of a company that is indebted to the Corporation or as an executive officer of a company to which the Corporation is indebted, if, in either case, the aggregate amount of such debt is less than one (1) percent of the Corporation’s total consolidated assets and the total consolidated assets of the employing company.
- c. Employment or service as an executive officer, director or trustee of a charitable organization to which the Corporation or any of its executive officers contribute, if the combined annual contributions to such organization by the Corporation and its executive officers are less than one (1) percent of the charitable organization’s total annual charitable receipts.

## **BOARD COMMITTEES**

### **General**

The various duties of the Board are best managed and performed by the creation of committees to address functional areas of responsibility. The standing committees of the Board shall be Executive, Audit, Compensation, Nominating and Corporate Governance and Risk. From time to time, there may be occasions in which the Board may deem it appropriate to exercise its authority to form new committees.

Each committee shall have a minimum of three directors. The benefits of utilizing and the applicable requirements for qualification of independent directors shall be considered in selecting directors to serve on committees. Further, in the selection process, consideration should be given to rotating the committee assignments of directors periodically. While rotation of committee assignments is a desirable goal, specialized expertise and other grounds may justify a director serving on a committee for an extended period of time.

### **Executive Committee**

There shall be established an Executive Committee in accordance with the By-Laws. The Executive Committee shall meet with Management at periodic or called meetings to consider matters arising between regularly scheduled Board meetings and to take actions that require Board approval on all matters delegated to the committee in the By-Laws or by the Board.



## **Audit Committee**

There shall be established an Audit Committee, which shall be composed entirely of independent directors. The independence of the directors serving as members of the Audit Committee shall be determined by the Board in accordance with the listing requirements of the securities exchange(s) on which the Corporation's securities are listed, the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), the rules and regulations of the SEC and such additional criteria as the Board, from time to time, may deem appropriate. Directors serving on the Audit Committee will be compensated only in a manner that preserves their independence.

The Board will strive to maintain at least one member of the Committee who qualifies as an "audit committee financial expert," as such term is defined by the SEC and determined by the Board.

The Audit Committee shall assist the Board in fulfilling its responsibility to the Corporation's shareholders with respect to its oversight of:

- (i) The integrity and accuracy of the Corporation's financial statements;
- (ii) The Corporation's process for monitoring compliance with financial reporting laws and regulations;
- (iii) The Corporation's internal system of accounting and financial controls;
- (iv) The Corporation's internal audit function and financial audit process;
- (v) The appointment, compensation, retention and evaluation of the Corporation's independent registered public accounting firm and Chief Audit Executive; and
- (vi) Such other matters as may be delegated to the Committee by the Board from time to time.

Funding for all expenses of the Audit Committee, including independent counsel and advisors, will be provided through the Internal Audit Group budget.

The specific authority, duties and responsibilities of the Audit Committee shall be set forth in a Committee Charter, which shall be approved annually by the Audit Committee and the Board.

## **Compensation Committee**

There shall be established a Compensation Committee, which shall be composed entirely of independent directors. The independence of the directors serving as members of the Compensation Committee shall be determined by the Board in accordance with the listing requirements of the securities exchange(s) on which the Corporation's securities are

listed, the Exchange Act, the rules and regulations of the SEC and such additional criteria as the Board, from time to time, may deem appropriate. Directors serving on the Compensation Committee will be compensated only in a manner that preserves their independence.

The Compensation Committee shall assist the Board in fulfilling its responsibility to the Corporation's shareholders with respect to its oversight of:

- (i) The Corporation's Human Resources Group in developing and implementing appropriate organizational plans and compensation philosophy for the Corporation and its subsidiaries;
- (ii) The Corporation's Human Resources Group in developing and administering personnel-related policies, procedures, plans, agreements and programs for the Corporation and its subsidiaries;
- (iii) The Corporation's overall compliance with applicable laws, rules and regulations in the area of human resources;
- (iv) The recruitment, appointment and evaluation of the Chief Executive Officer and other senior executive officers comprising Management of the Corporation;
- (v) The compensation and benefit plans of the Chief Executive Officer and other senior executive officers comprising Management of the Corporation;
- (vi) The Chief Executive Officer and Management succession planning process;
- (vii) The form and amount of director compensation; and
- (viii) Such other matters as may be delegated to the Committee by the Board from time to time.

The specific authority, duties and responsibilities of the Compensation Committee shall be set forth in a Committee Charter, which shall be approved annually by the Compensation Committee and the Board.

### **Nominating and Corporate Governance Committee**

There shall be established a Nominating and Corporate Governance Committee, which shall be composed entirely of independent directors. The independence of the directors serving as members of the Compensation Committee shall be determined by the Board in accordance with the listing requirements of the securities exchange(s) on which the Corporation's securities are listed, the Exchange Act, the rules and regulations of the SEC and such additional criteria as the Board, from time to time, may deem appropriate. Directors serving on the NCGC will be compensated only in a manner that preserves their independence.

The NCGC shall assist the Board in fulfilling its responsibility to the Corporation's shareholders with respect to its oversight of:

- (i) The identification, evaluation and recommendation of prospective directors and advisory directors of the Corporation and its subsidiaries;
- (ii) The evaluation of the existing directors and advisory directors of the Corporation and its subsidiaries;
- (iii) The assignment of the existing directors and advisory directors of the Corporation and its subsidiaries to the various committees of the Board and the boards of the Corporation's subsidiaries;
- (iv) The evaluation of the charters of the various committees of the Board and the boards of the Corporation's subsidiaries;
- (v) The development and continued review of these principles;
- (vi) The By-Laws of the Corporation and its subsidiaries; and
- (vii) Such other matters as may be delegated to the Committee by the Board from time to time.

The specific authority, duties and responsibilities of the NCGC shall be set forth in a Committee Charter, which shall be approved annually by the NCGC and the Board.

### **Risk Committee**

There shall be established a Risk Committee. The Risk Committee Chairman must satisfy the independence and qualification requirements of the securities exchange(s) on which the Corporation's securities are listed, the Exchange Act, the rules and regulations of the SEC and the Board of Governors of the Federal Reserve (the "**FRB**") and such additional criteria as the Board, from time to time, may deem appropriate. Accordingly, the Risk Committee Chairman will be compensated only in a manner that preserves their independence.

The Board will strive to maintain at least one member of the Committee who qualifies as a "risk management expert," as such term is defined by the FRB and determined by the Board.

The Risk Committee shall assist the Board in fulfilling its responsibility to the Corporation's shareholders with respect to its oversight of:

- (i) The Corporation's enterprise risk management function, regulatory compliance function and overall risk governance structure;
- (ii) The development of the Corporation's Risk Appetite Statement, which is further supported by the Corporation's Risk Appetite Framework;

- (iii) The development and implementation of the Corporation's Risk Appetite Framework, with an enterprise view of risk capacity, risk appetite, risk tolerances, risk targets and risk limits, and which is further supported by the Corporation's Enterprise Risk Management Framework;
- (iv) The development and implementation of the Corporation's Enterprise Risk Management Framework, including the implementation of consistent policies, procedures, processes and systems for identifying, measuring, monitoring, controlling and reporting risks of all types, including the categories of credit risk, market risk, liquidity risk, operational risk, regulatory compliance risk, legal risk, reputation risk and strategic risk;
- (v) The adequacy of the Corporation's annual Enterprise Risk Self-Assessment; and
- (vi) Such other matters as may be delegated to the Committee by the Board from time to time.

The Risk Committee shall coordinate with the Audit Committee for review and oversight of financial reporting, accounting and related risks; the Compensation Committee for review and oversight of compensation-related risks; and the NCGC for review and oversight of corporate governance-related risks.

The specific authority, duties and responsibilities of the Risk Committee shall be set forth in a Committee Charter, which shall be approved annually by the Risk Committee and the Board.

## **BOARD AND COMMITTEE MEETINGS**

### **Board and Committee Meeting Dates, Agenda, Materials and Presentation**

To effectively oversee the operations of the Corporation, the Board and its committees should be provided regular access to Management and be provided the necessary data and information on a timely basis.

The Board shall meet regularly and on call on such dates and at such times as may be set in accordance with the By-Laws. The Chairman of the Board, after consultation with the other directors and Management, will establish an agenda for each Board meeting.

The various committees of the Board shall meet regularly on such dates and at such times as may be set by the committee Chairman. The committee Chairmen should work with the Chief Executive Officer, group managers and committee members to create an agenda for each committee meeting.

Information and data that is important to the understanding of the business of the Corporation shall be distributed in writing to the directors before each Board or committee

meeting. Management will strive to keep these materials as brief as possible, while still providing the necessary information.

As a general rule, presentations on specific subjects should be sent to the directors in advance to allow the review of the materials prior to the meeting, thereby allowing the directors to be prepared to focus on questions about the materials during the meeting. On those occasions in which the subject matter is too sensitive to put on paper, the presentations will be discussed at the meeting.

### **Executive Sessions of the Board and Committees**

The independent directors should regularly have an opportunity to discuss issues affecting the Corporation without the presence of Management (*i.e.*, executive session) in order to allow the timely discussion of issues concerning Management or to which Management might be unduly sensitive.

Executive sessions of the Board shall be held at the end of each regular meeting of the Board or on the call of the Lead Director. Executive sessions of all committees of the Corporation shall be held at the end of each regular committee meeting or on call of the Chairman of the respective committee.

A record of all matters to be reported to the Board and all actions taken in executive session shall be recorded and maintained. The minutes of executive sessions of the Board and the committees shall be taken by the Lead Director and the Committee Chairman (or their designee), respectively, and shall be retained by the Corporate Secretary, who shall preserve, to the extent reasonably possible, the confidentiality of such minutes. The minutes of the Board and all committees shall reflect if an executive session was held and if there were no actions or matters to discuss with the Board.

Executive Sessions are mandatory.

### **Attendance of Guests at Board Meetings**

The Board welcomes the attendance at Board meetings of guests, who have been invited to attend by the Chief Executive Officer. Further, Management is encouraged to bring officers, managers and other individuals to Board meetings, from time to time, who: (i) due to personal knowledge or expertise can provide additional insight into items being considered by the Board or (ii) represent officers with future potential that Management believes should be given exposure to the Board.

## **MANAGEMENT**

### **Identification of Management**

The business of the Corporation must be undertaken, directed and managed by individual officers and employees of the Corporation. Descriptive terms such as executive officers, senior management or management do not clearly define those employees who exercise executive management authority on behalf of the Corporation. Generally, the Corporation will consider those individuals identified by the Compensation Committee annually as Section 16 reporting officers as the executive officers who comprise Management.

### **Evaluation of the Chief Executive Officer**

The performance of the Chief Executive Officer is of vital importance to the successful operation of the Corporation. The Chairman of the Executive Committee and the Chairman of the Compensation Committee shall annually evaluate the performance of the Chief Executive Officer and report the evaluation to the Chief Executive Officer and the Board. The evaluation should be based on objective criteria, including performance of the Corporation, accomplishment of long-term strategic objectives, development of Management and such other matters as the Board deems appropriate. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the continued tenure and compensation of the Chief Executive Officer.

The Board has the responsibility to ensure that compensation plans are competitive with comparable institutions and appropriately reward the Chief Executive Officer for the achievement of the objectives of the Corporation. Incentive plans should be designed to provide the proper balance between long-term and short-term performance objectives. Stock options and other equity-oriented plans should be considered as a means of linking Management's interests directly to those of the Corporation's shareholders.

### **Management Development/Succession Planning**

The long-term economic success of the Corporation is dependent upon the development of Management and the implementation of effective succession planning. As such, the Chief Executive Officer shall periodically prepare and deliver to the Board a report on the Corporation's program for the development of Management.

The Chief Executive Officer shall also periodically prepare and deliver to the Board a comprehensive report on succession planning within the Corporation and its subsidiaries which report shall also include the recommendation of the Chief Executive Officer as to a successor should he or she no longer be able to serve.

These reports shall be revised and updated from time to time as necessary to maintain the currency of the reported information.

## **Interaction with Institutional Investors, Media and Customers**

Communications on behalf of the Corporation should be undertaken by Management, not the Board or the individual directors. The duties of Management include public relations, public communications and, generally, speaking on behalf of the Corporation. Individual directors may, from time to time, be asked by Management to meet or otherwise communicate with various constituencies that are involved with the Corporation and its subsidiaries.

## **Stock Ownership Requirements for Directors and Officers**

The ownership of the common stock of the Corporation by the directors and officers of the Corporation will assist in the alignment of the economic interest of these individuals with the economic success of the Corporation. The Corporation, through the NCGC, may establish minimum stock ownership requirements for directors, the Chief Executive Officer, Management and certain other officers.

## **Outside Advisors**

The expertise, data and other information necessary for the Board to discharge its duties in managing the Corporation should routinely be provided by Management and other officers of the Corporation. However, there may be occasions when the Board and the committees determine that it is appropriate to select and retain outside advisors for legal, accounting or other expert advice. Such selected advisors may be the advisors which are routinely retained by the Corporation or independent advisors retained for special engagements. Ordinarily, the retention of outside advisors would be with the knowledge of the Chief Executive Officer.

## **CODE OF ETHICS**

The directors, officers and associates of the Corporation should conduct the business of the Corporation in accordance with the highest ethical standards of conduct. The Board has adopted a Code of Ethics applicable to all directors, officers and associates of the Corporation. The Corporation expects all directors, officers and other associates to govern their conduct consistent with the Code of Ethics.