



## **PROS HOLDINGS, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

(as amended through May 11, 2018)

#### ***I. Role of the Board of Directors and Management***

The Board of Directors (the “**Board**”), which is elected by the stockholders, is the ultimate decision-making body of PROS Holdings, Inc. (the “**Company**”) except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the day-to-day operation of the Company’s business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility, the directors may reasonably rely on the honesty and integrity of the Company’s senior management and expert legal, accounting, financial and other advisors.

The Company faces a number of risks, including general economic risks, operational risks, financial risks, competitive risks and reputational risks. Management is responsible for the day-to-day management of those risks, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. While the full Board is charged with ultimate oversight responsibility for risk management, committees of the Board have responsibilities with respect to various aspects of risk oversight.

The Board believes that management of the Company should speak for the Company. Although individual directors may occasionally meet or otherwise communicate with stockholders, customers and others with whom the Company deals regarding Company matters, absent unusual circumstances or as contemplated by the charters of the Board’s various committees, such communications should be undertaken only with the knowledge of management and, in most instances, at the request of management.

#### ***II. Composition of the Board of Directors***

##### **A. Director Qualification Standards**

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board from time to time the needs of the Board for various skills,

background, business experience and expected contributions, and the qualification standards established from time to time by the Committee.

The Nominating and Corporate Governance Committee's goal is to assemble a board of directors that brings to the Company a diversity of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities. Directors should possess the highest personal and professional ethics and integrity, and be committed to representing the long-term interests of our stockholders. They must also have an inquisitive and objective perspective and mature judgment. Directors should also have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are, or have been, affiliated, and be selected based upon contributions they can make. While the Company does not have a specific policy regarding diversity, when considering the nomination of directors, the Nominating and Corporate Governance Committee does consider the diversity of its directors and nominees in terms of knowledge, experience, background, skills, expertise and other demographic factors.

Directors must have sufficient time available, in the judgment of the Nominating and Corporate Governance Committee, to perform all Board and Committee responsibilities that will be expected of them. Members of the Board are expected to rigorously prepare for, attend and participate in all meetings of the Board and applicable committees.

B. Director Independence.

The Board believes that, as a matter of policy and consistent with applicable laws, rules and regulations, a substantial majority of the Board should consist of directors meeting (or exceeding) the criteria for independence contained in the New York Stock Exchange ("*NYSE*") listing standards. In no event will the Board consist of less than a majority of independent directors.

In making a determination regarding a director's independence, the Board shall consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships and such other criteria as the Board may, in its discretion, determine relevant. No director qualifies as independent unless the Board affirmatively determines that such director has no material relationship with the Company. A director will not be considered independent if he or she:

- is, or has been within the last three years, (i) an employee of the Company, (ii) a spouse, child, parent, sibling and any other person (other than domestic employees) who share the director's home, each an "immediate family member", or (iii) is, or has been within the last three years, an executive officer of the Company;
- has received, or has an immediate family member who has received, during any twelve month period within the past three years, more than \$120,000 in direct compensation from the Company other than director or committee fees and pension

or other forms of deferred compensation for prior services (provided such compensation is not contingent in any way on continued service);

- is a current partner or employee of the Company's internal or external auditor, or has an immediate family member who (A) is a current partner of such auditor; (B) is a current employee of such auditor and personally works on the Company's audit; or (C) was within the last three years a partner or employee of such auditor and personally worked on the Company's audit within that time;
- is, or has an immediate family member that is, or has been within the last three years employed as an executive officer of another company where any of the Company's present executive officers serve at the same time serves or served on that company's compensation committee; or
- is a current employee, or has an immediate family member that is a current executive officer, of another company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

In addition to satisfying all of the independence criteria set forth above, no member of the Audit Committee may:

- accept any direct or indirect consulting, advisory or other compensatory fee from the Company (other than compensation for service as a director, a member of the Audit Committee or any other committee of the Board); or
- be an "affiliated person" of the Company or any of its subsidiaries (as defined by the Securities and Exchange Commission ("*SEC*")), except as a director of the Company.

Each director shall notify the Board of any change in circumstances that may put his or her independence at issue. If so notified, the Board will reevaluate, as promptly as practicable thereafter.

#### C. Conflicts of Interest.

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company or gives the appearance of such a conflict. The Company will annually solicit information from directors in order to obtain confirmation of the directors' independence and monitor potential conflicts of interest. Directors are expected to be mindful of their fiduciary obligations to the Company.

Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Company's Board and should

not serve on the audit committee of any public company. Other directors should not serve on more than four other boards of public companies in addition to the Company's Board.

D. Change in Director Circumstances.

Directors shall consult with the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee regarding the impact of any significant change in his or her personal circumstances, including a change in the director's principal occupation or job responsibilities. Where appropriate, the Nominating and Corporate Governance Committee shall review such change in circumstances and make its recommendation to the Board on whether continued Board service is appropriate.

E. Retirement Age.

The Board does not believe that a fixed retirement age for directors is appropriate.

F. Term Limits.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

G. Size of Board.

The Board will periodically evaluate the appropriate size of the Board.

H. Director Resignation.

In any uncontested election of directors (an election at which the number of nominees is equal to the number of seats open) any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election must promptly tender his or her resignation to the Nominating and Corporate Governance Committee (following certification of the stockholders' vote) for consideration in accordance with the following procedures.

The Nominating and Corporate Governance Committee will promptly consider such resignation and recommend to the Qualified Independent Directors (as defined below) the action to be taken with respect to such offered resignation, which may include (1) accepting the resignation; (2) maintaining the director but addressing what the Qualified Independent Directors believe to be the underlying cause of the withheld votes; (3) determining that the director will not be renominated in the future for election; or (4) rejecting the resignation. The Nominating and Corporate Governance Committee will consider all relevant factors including, without limitation, (a) the stated reasons why votes were withheld from such director; (b) any alternatives for curing the underlying cause of the withheld votes; (c) the tenure and qualifications of the director; (d) the director's past and expected future contributions to the Company; (e) our director criteria; (f) our

Corporate Governance Guidelines; and (g) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable SEC or NYSE requirement.

The Qualified Independent Directors will act on the Nominating and Corporate Governance Committee's recommendation no later than ninety (90) days following the date of the stockholders' meeting at which the election occurred. In considering the Nominating and Corporate Governance Committee's recommendation, the Qualified Independent Directors will consider the factors considered by the Nominating and Corporate Governance Committee and such additional information and factors the Board of Directors believes to be relevant. Following the Qualified Independent Directors' decision, the Company will promptly disclose in a current report on Form 8-K the decision whether to accept the resignation as tendered (providing a full explanation of the process by which the decision was reached or, if applicable, the reasons for rejecting the tendered resignation). To the extent that a resignation is accepted, the Nominating and Corporate Governance Committee will recommend to the Board of Directors whether to fill such vacancy or vacancies or to reduce the size of the Board of Directors.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee's recommendation or Qualified Independent Directors' consideration regarding whether to accept the tendered resignation. Prior to voting, the Qualified Independent Directors will afford the director an opportunity to provide any information or statement that he or she deems relevant. If a majority of the members of the Nominating and Corporate Governance Committee received a greater number of votes "withheld" from their election than votes "for" their election at the same election, then the remaining Qualified Independent Directors who are on the Board of Directors who did not receive a greater number of votes "withheld" from their election than votes "for" their election (or who were not standing for election) will consider the matter directly or may appoint a committee of the Board of Directors amongst themselves solely for the purpose of considering the tendered resignations that will make the recommendation to the Board of Directors whether to accept or reject them.

For purposes of this section, the term "*Qualified Independent Directors*" means:

- All Directors who (1) are independent Directors (as defined in accordance with the NYSE Corporate Governance Rules) and (2) are not required to offer their resignation in accordance with this policy.
- If there are fewer than three independent Directors then serving on the Board who are not required to offer their resignations in accordance with this policy, then the Qualified Independent Directors shall mean all of the independent Directors and each independent Director who is required to offer his or her resignation in accordance with this Policy shall recuse himself or herself from the deliberations and voting only with respect to his or her individual offer to resign.

### ***III. Separation of Chairman and CEO***

The Board elects its Chairman and appoints the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interests of the Company.

### ***IV. Lead Independent Director***

It is the policy of the Company that the Lead Independent Director shall be elected annually by a majority of the independent directors to preside over executive sessions of the Company's independent directors, to facilitate communication between the Directors and the Chairman, and to perform such other duties specified by the Board and outlined in the Charter of the Lead Independent Director.

### ***V. Executive Sessions of Non-Management and Independent Directors***

The independent directors will meet periodically in executive session. Except in extraordinary circumstances, executive sessions shall be scheduled as a part of all regular Board meetings, and, in any event, such sessions shall be held not less than twice during each calendar year. Executive sessions shall be chaired by the Chairman of the Board if he or she is an independent director, or, if not, by any independent director designated by the other independent directors. The chairman of each executive session will report to the Chief Executive Officer, as appropriate, regarding relevant matters discussed in the executive session.

### ***VI. Stockholder Communications with Directors***

Stockholders may communicate with the Board, or any individual director, by transmitting correspondence by mail, facsimile or email, addressed as follows:

Board of Directors or individual director, c/o Corporate Secretary  
PROS Holdings, Inc.  
3100 Main Street, Suite 900  
Houston, TX 77002  
Fax: 713-335-8144  
Email Address: [legal@pros.com](mailto:legal@pros.com)

The Corporate Secretary shall maintain a log of such communications and transmit as soon as practicable such communications to the Board or to the identified director(s), although communications that are abusive, in bad taste or that present safety or security concerns may be handled differently, as determined by the Corporate Secretary in

consultation with the General Counsel. The Board or individual directors so addressed shall be advised of any communication withheld as soon as practicable.

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. All directors shall make every effort to attend the Company's annual meeting of stockholders.

#### ***VII. Director Access to Management***

The directors shall have access to, and are encouraged to contact, Company employees in order to obtain the information necessary to fulfill their duties. The Board may establish a process for such inquiries. Management is encouraged to invite Company employees to Board meetings where management participation will (a) provide the Board with additional insight into the matters being considered (b) expose to the Board key employees with future potential as senior managers of the Company.

#### ***VIII. Retention of Advisors/Consultants***

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors, without consulting with or obtaining approval from any officer of the Company.

#### ***IX. Board and Committee Evaluation***

The Board and each committee will perform an annual evaluation. In connection therewith, the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve. The evaluation may utilize an oral or written assessment questionnaire developed by the Nominating and Corporate Governance Committee. The individual assessments will be summarized and reported for discussion to the full Board and the committees.

#### ***X. Director Compensation***

On an annual basis, the Compensation Committee shall review the compensation for non-employee directors. The Compensation Committee shall be responsible for approving changes in the compensation for non-employee directors, including annual retainer, fees associated with the attendance of Board meetings, fees associated with attendance of committee meetings, retainers associated with membership and chairman of committees, and Lead Independent Director fees and retainers, and shall be guided by the following goals:

- directors should be fairly compensated for the work required in discharge of their duties;
- compensation should align the directors' interests with the long-term interests of stockholders; and

- the Compensation Policy should be easy for stockholders to understand.

#### ***XI. Director Stock Ownership***

In order to align the interests of the Company's directors with the Company's stockholders, the Board believes that directors should have a significant financial stake in the Company. All non-employee directors are required to hold an amount of the Company's stock, and/or the units issued as compensation for Board service, worth at least five times the annual retainer for directors while serving as a director of the Company. New directors (directors appointed after the initial public offering) will have six years to attain this ownership threshold. Directors that previously met this ownership requirement have two (2) years to reattain the required ownership threshold. At its discretion, the Board may evaluate whether this requirement should be waived in the case of any director, who, because of his or her personal circumstances, would incur a hardship by complying with this requirement.

Vested shares or units held by a director under any of the Company's equity incentive plans are included in calculating the value of ownership to determine whether this minimum ownership requirement has been met. Vested and unexercised options held by a director under any of the Company's equity incentive plans are included at fifty percent (50%) of their intrinsic value in calculating the value of ownership to determine whether this minimum ownership requirement has been met.

The Company will measure compliance with the ownership guidelines annually as of the end of each calendar year. The Company's stock price for purposes of calculating whether the minimum ownership requirement has been met will be deemed to be the Company's ninety (90) day trailing average stock price as of the end of the calendar year.

#### ***XII. Director Orientation and Continuing Education***

Upon request by the Board, the Nominating and Corporate Governance Committee shall develop and maintain an orientation and continuing education program for new directors that will comply with any continuing education requirements developed by the NYSE.

#### ***XIII. Committees***

The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. All members of these committees will be independent directors under the criteria established by the NYSE (and, with respect to the Audit Committee, under the criteria established by the SEC), subject to certain phase-in periods allowed thereunder.

In addition, in the event a member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, the Board will determine whether such simultaneous service would impair the ability of such member to effectively



serve on the Audit Committee, and will disclose such determination as required by the NYSE.

The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee. Consideration should be given to rotating committee members periodically, but rotation should not be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership.

#### ***XIV. Executive Officer Ownership Requirements***

The Chief Executive Officer of the Company is required to hold an amount of the Company's stock, and/or the units issued as compensation for service, worth at least four times the Chief Executive Officer's base annual salary. All named executive officers of the Company other than the Chief Executive Officer are required to hold an amount of the Company's stock, and/or the units issued as compensation for services, worth at least two times the named executive officer's base annual salary. A new Chief Executive Officer or new named executive officers will have five years from the date of hire or promotion to attain the required ownership threshold. Each named executive officers that previously met this ownership requirement have two (2) years to reattain the required ownership threshold.

Vested shares or units held by a named executive officer under any of the Company's equity incentive plans are included in calculating the value of ownership to determine whether this minimum ownership requirement has been met. Vested and unexercised options held by a named executive officer under any of the Company's equity incentive plans are included at fifty percent (50%) of their intrinsic value in calculating the value of ownership to determine whether this minimum ownership requirement has been met.

The Company will measure compliance with the ownership guidelines annually as of the end of each calendar year. The Company's stock price for purposes of calculating whether the minimum ownership requirement has been met will be deemed to be the Company's ninety (90) day trailing average stock price as of the end of the calendar year.

#### ***XV. Executive Compensation***

The Compensation Committee shall annually review and establish the compensation of the Chief Executive Officer. The Compensation Committee shall establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated. As part of its evaluation process, the Compensation Committee shall meet or confer with the other independent directors to review and evaluate the performance of such officer. The evaluation shall be based upon objective criteria, including the Company's financial performance, accomplishment of strategic objectives

and the development of management.

The Compensation Committee shall also annually evaluate the performance of the Company's other executive officers and approve their compensation, including salary, bonus and other incentive and equity compensation.

***XVI. Recouping Incentive Bonuses***

The Board will consider and make a decision in its sole discretion to recoup, under applicable law, any incentive bonuses awarded to executive officers whose fraud or intentional misconduct significantly contributed to a restatement of financial results that led to the awarding of incentive bonuses.

***XVII. Succession Planning***

The Nominating and Corporate Governance Committee shall conduct a periodic review of the Company's succession planning, including policies and principles for CEO selection and succession in the event of an emergency or the retirement of the CEO. The Nominating and Corporate Governance Committee shall consult with the Chief Executive Officer to (i) develop plans for interim succession of the Chief Executive Officer in the event that such officer should become unable to perform his or her duties and (ii) assess the qualification of senior officers as potential successors to the Chief Executive Officer. The Nominating and Corporate Governance Committee shall report its recommendation to the Board.