

## **GOVERNANCE COMMITTEE CHARTER**

(As Amended October 29, 2009)

This charter governs the operations of the Governance Committee (“Committee”) of the Board of Directors of Cornell Companies, Inc. The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors (“Board”) for approval. This Charter may be amended only by an affirmative vote of the Board of Directors.

### **Mission Statement**

The Committee’s primary function is to assist the Board in fulfilling its responsibility to manage the business and affairs of the Company. Without limiting the foregoing, the Committee shall advise the Board with respect to: (a) Board organization, membership and function; (b) committee structure, membership and operations; (c) succession planning for the executive officers of the Company; (d) the Company’s Corporate Governance Policy, its operation and any modifications to such policy; (e) possible violations of laws, regulations and policies referred to it for investigation, and (f) other matters relating to corporate governance and the rights and interest of the Company’s stockholders

### **Composition**

The Chair and members of the Committee shall be appointed annually by the Board of Directors, after considering recommendations by the Board’s Chairman. The Committee shall be comprised of at least two directors, each of whom has been affirmatively determined by the Board to be independent of the Company. A director shall not be considered independent if he or she (i) has a material relationship with the Company or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or a subsidiary and determined not merely from the standpoint of the director but also from that of organizations with which the director is affiliated) that may interfere with the exercise of his or her independence from management and the Company, or (ii) does not meet any other independence requirement under applicable laws, rules, regulations or Board policies. Members of the Committee may be removed by the Board of Directors in its discretion with or without cause.

A Secretary, who need not be a member of the Committee, shall be appointed by the Chair to keep minutes of all meetings of the Committee and such other records as the Chair deems necessary or appropriate.

### **Powers, Responsibilities, and Processes**

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

The following shall be the principle duties and responsibilities of the Committee and are set forth as a guide, with the understanding that the Committee may supplement them as appropriate.

- As needed, identify and recommend to the Board individuals qualified to become directors to fill new positions and vacancies on the Board. At a minimum, the Committee shall consider the background and reputation of potential nominees in terms of character, personal and professional integrity, business and financial experience and acumen, how they would complement the other Board members in providing a diversity of expertise and experience, their availability to devote sufficient time to Board duties, and any other criteria established by the Board or the Committee.
- Each February<sup>1</sup>, evaluate each director candidate and each incumbent director before recommending that the Board nominate or re-nominate such individual for election or reelection as a director based on the extent to which such individual will contribute significantly to satisfying the skills and characteristics required for the Board and remedying any deficiencies therein. Decisions to re-nominate incumbent directors should be based on a careful consideration of each individual's contributions, including the value of his/her experience as a director of the Company, the availability of new director candidates who may offer unique contributions, and the Company's changing needs.
- Each March, submit to the Board for approval the candidates for director to be recommended for election at each annual meeting of stockholders.
- Quarterly, review and report to the Board any recommended changes to the CEO succession plan.
- Retain, at the Company's expense, and terminate any search firms to be used to identify candidates for director or CEO
- Seek assistance from other advisors, the Company's General Counsel, or outside counsel as needed to fulfill its responsibilities. Costs of outside advisors or counsel shall be borne by the Company. The Committee shall notify the CEO whenever outside assistance is utilized.
- Periodically assess the current structure and operation of the committees of the Board of Directors and recommend changes to the Board.
- Each June, recommend to the Board, after consultation with the CEO, the members and chairs of the other Board committees, who shall be appointed annually at the first Board meeting following the annual meeting of shareholders. The Committee

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<sup>1</sup> All dates are based on the annual meeting being in June. Should the annual meeting be held at a different time, these dates will be adjusted accordingly.

shall take into account the special skills required for service on particular committees, past performance on the Board and committees, and such other factors as the Committee deems appropriate. The Committee will use its best efforts to ensure committee members meet the qualifications on independence and other criteria established by applicable laws, rules, regulations and Board policy.

- Recommend directors to fill committee vacancies as they occur,
- Each June, recommend to the Board a director to serve as Lead Director who shall be appointed at the first Board meeting following the annual meeting of shareholders.
- Yearly, review the Company's Corporate Governance Policy and recommend changes when necessary.
- Monitor and make recommendations to the Board on other matters relating to corporate governance.
- Investigate possible violations of laws, regulations or policies referred to it by the CEO, General Counsel or Board.
- Review and make recommendations to the Board regarding proposals of stockholders that relate to corporate governance.
- Establish and publicize a process for shareholders to send communications directly to the members of the Board of Directors.
- Each May, develop and recommend to the Board procedures for the annual evaluation and self-evaluation of the Board and its members and oversee the evaluation process.
- Each May, evaluate the performance of the Committee and its members to determine whether it is functioning effectively.