

# EQUITY COMMONWEALTH

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## Corporate Governance Guidelines

### A. Introduction

The following Corporate Governance Guidelines (the “**Guidelines**”) have been adopted as guidelines and principles for the conduct of the Board of Trustees (the “**Board**”) of Equity Commonwealth (the “**Company**”). They reflect the Board’s commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with a goal of enhancing shareholder value over the long term. The Guidelines are subject to periodic review by the Nominating and Corporate Governance Committee of the Board (the “**Nominating Committee**”).

The Guidelines should be interpreted in the context of all applicable laws and regulations and the Company’s articles of incorporation and bylaws. The Guidelines are statements of policy and are not intended to supersede or interpret any federal or state law, rule or regulation, including the Maryland General Corporation Law, or the Company’s articles of incorporation or bylaws.

### B. Trustee Responsibilities and Qualifications

#### 1. General Responsibilities.

The Board, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders by law or pursuant to the Company’s articles of incorporation and/or bylaws. The Board will have the following general responsibilities:

- supervising and directing the business and affairs of the Company in the interest, and for the benefit, of the Company’s shareholders in order to enhance shareholder value over the long term;
- reviewing and, where appropriate, approving the Company’s major strategic, financial and business objectives, plans and actions;
- reviewing and approving guidelines that set out the criteria to be used to evaluate the merits of specific investments as well as the Company’s overall portfolio composition; and
- establishing policies and principles for the selection, and possible succession planning, of trustees, the Company’s Chief Executive Officer (the “**CEO**”) and other management officers.

Trustees are expected to adhere to a high ethical standard in performing and carrying out their duties and responsibilities for the Company. In particular trustees are expected to comply

with these Guidelines and the Company's Code of Business Conduct and Ethics as in effect from time to time.

## 2. General Qualifications.

The Board places a high priority on the vitality and experience of its Board and in the discharge of its responsibilities. The Nominating Committee will identify and recommend to the Board candidates for trustee in accordance with the policies, procedures and criteria established by the Nominating Committee and the Board from time to time. When formulating its recommendations, the Nominating Committee will also consider advice and recommendations from others as it deems appropriate. The Board will also consider the trustee candidates that are submitted for election by the shareholders at the annual shareholders' meeting. At a minimum, trustee candidates will be selected on the basis of integrity, judgment, ability to make independent analytical inquiries, willingness and ability to devote adequate time and resources to diligently perform Board duties, appropriate and relevant business experience and acumen, and reputation, both personal and professional, consistent with the image and reputation of the Company. The Board is committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise.

## 3. Election of Trustees.

The election of trustees will be conducted in accordance with the charter and bylaws. The Company's policy regarding election of trustees will be summarized in each proxy statement relating to an election of trustees.

## 4. Independence and other Qualifications.

A majority of the members of the Board must meet the criteria for independence established by the New York Stock Exchange ("NYSE"), as in effect from time to time and as interpreted by the Board in its business judgment. The Board will undertake an annual review of the independence of all non-employee trustees and, in accordance with the independence criteria established by the Board from time to time, will make an affirmative determination that each "independent" trustee has no direct or indirect material relationship with the Company. The names of the independent trustees will be published in the Company's annual proxy statement to shareholders or in the Company's annual report on Form 10-K (the "Form 10-K").

The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics required for new Board members as well as the composition of the Board as a whole. This assessment may include, among other things, the following:

- diversity, age, background, skills and experience;
- personal qualities and characteristics, accomplishments, and reputation in the business community;

- knowledge and contacts in the communities in which the Company conducts business and in the Company’s industry or other industries relevant to the Company’s business;
- ability and willingness to devote sufficient time to serve on the Board and committees of the Board;
- knowledge and expertise in various areas deemed appropriate by the Board; and
- fit of the individual’s skills, experience, and personality with those of the other trustees in maintaining an effective, collegial and responsive Board.

Nominations for trustees, including nominees to committees of the Board and for designation as “lead” independent trustee (“**Lead Trustee**”), will be made or recommended by the Nominating Committee in accordance with the policies and principles in its charter and as determined by the Board. The Nominating Committee also will consider for Board membership individuals who are nominated by shareholders upon submission of the information required by the Company’s bylaws in writing to the Secretary of the Company at the Company’s principal executive offices. Unless otherwise determined by the Nominating Committee or the Board, the Nominating Committee’s process for identifying and evaluating nominees for trustee will be the same regardless of who makes the recommendation.

5. Restrictions on Board Service and Actions.

- *Other Trusteeships.* The Board recognizes that it is important that each trustee have the requisite time to devote to the oversight of the Company’s business. The Company does not have a policy limiting the number of other public company boards of directors upon which a trustee may sit, in general. However, in recommending nominees to the Board, the Nominating Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee or a trustee is a member. Each trustee shall provide notice to, and receive approval from, the Chairperson of the Nominating Committee in advance of accepting an invitation to serve on another public company board. However, no such approval shall be necessary for a trustee’s continued service on any public company board of trustees on which such trustee was serving on the date such trustee joined the Board. Service on boards of other organizations should be consistent with the Company’s Code of Business Conduct and Ethics and the rules of the NYSE. In addition, in recognition of the enhanced time commitments associated with membership on a public company’s audit committee, the Board has adopted a policy that no member of the Audit Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board has affirmatively determined that such simultaneous service would not impair the ability of such member to serve effectively on the Audit Committee.

- *Change in Circumstances.* If a trustee’s principal occupation or business association changes, or if a trustee takes on significant additional business responsibilities, such trustee shall promptly inform the Board of such change and the Nominating Committee shall determine whether it is appropriate for such trustee to continue to serve on the Board. The trustee shall be expected to act in accordance with the Nominating Committee’s recommendation in this regard.
- *Mandatory Retirement Age and Term Limits.* The Board does not believe it should establish a mandatory retirement age or term limits for trustees, instead preferring to rely upon the evaluation procedures described above as the primary method of ensuring that each trustee continues to act in a manner consistent with the best interests of the shareholders, the Board and the Company. While a mandatory retirement age and 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 trustees who have been able to develop, over a period of time, increasing insight into the Company and its operations based on their understanding of the Company’s history, policies and objectives and, therefore, provide an increasing contribution to the Board as a whole.

#### 6. Chairman.

The Board will elect its Chairman or Executive Chairman (“**Chairman**”) based on such factors as the trustees deem relevant. There is no requirement that the offices of Chairman and CEO be held by the same person, or that the offices be filled by different people. The Company believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination as to this matter when it elects a new CEO.

### **C. Functioning of the Board**

The Chairman of the Board, in consultation with other members of the Board, will determine the timing and length of meetings of the Board. There will be at least four regularly scheduled meetings of the Board in each calendar year. In addition to regularly scheduled meetings, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. Trustees are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve, prepare for meetings, review relevant materials, ask questions and engage in discussion, and spend the time needed to properly discharge their responsibilities. In addition, trustees are expected to attend the Company’s annual meetings of shareholders.

The Chairman of the Board, in consultation with the Lead Trustee, will set the agenda for Board meetings, with the understanding that certain items pertinent to the advisory and monitoring functions of the Board will be brought to it periodically by the Chairman for review and/or decision. Agenda items that fall within the scope of responsibilities of a Board committee will be reviewed with the chairperson of that committee. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time.

Presentation materials are important to the Board's understanding of the business and essential to prepare Board members for productive meetings. Materials relating to specific agenda items will be provided to Board members sufficiently in advance of the Board meeting to allow the trustees to prepare for discussion of such items at the meeting, and it is expected that all trustees will review such materials in advance of each meeting. It is recognized that, in the event of a pressing need for the Board to meet on short notice, materials may not be available in advance of the meeting. In that event, sufficient time for discussion will be allocated to allow the Board to become adequately informed of any issues to be discussed at such meeting.

At the invitation of the Board, members of management of the Company that are recommended by the Chairman, in consultation with the CEO (if such offices are filled by different people), may attend Board meetings for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board will be made by the manager responsible for that area of the Company's operations.

In addition, Board members will have complete access to management and employees of the Company. The CEO or Secretary of the Company will, whenever requested, assist in arranging and facilitating such meetings or contacts. Members of the Board will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The CEO or Secretary of the Company will, as deemed necessary or advisable by the Board, assist in arranging and facilitating meetings of the Board with the Company's independent advisors, including its legal counsel and independent auditing firm.

In addition to the Chairman, the Board will have a Lead Trustee, who shall be an independent trustee, consistent with criteria established by the NYSE. The Lead Trustee will be selected on an annual basis by a majority of the independent trustees then serving on the Board. The role of the Lead Trustee is to serve as liaison between (i) the management, including the CEO, (ii) independent trustees, (iii) employees reporting misconduct that by their nature cannot be brought to management, and (iv) interested third parties and the Board. The Lead Trustee serves as the focal point of communication to the Board regarding management plans and initiatives, and ensures that the role between board oversight and management operations is respected. The Lead Trustee also provides the medium for informal dialogue with and between independent trustees, allowing for free and open communication within that group. In addition, the Lead Trustee will serve as the communication conduit for third parties who wish to communicate with the Board. Interested third parties may communicate with the Board by communicating directly with the Lead Trustee, either (i) by sending any correspondence they may have in writing to the "Lead Trustee" c/o the Chief Financial Officer of Equity Commonwealth, who will then directly forward such correspondence to the Lead Trustee, or (ii) by e-mailing correspondence directly to the Lead Trustee. The Lead Trustee will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board.

To promote open discussion among non-management trustees, the Board will devote a portion of each regularly scheduled Board meeting to executive sessions without management participation. If the group of non-management trustees includes trustees who are not independent, as defined in the NYSE's listing standards, it is the Company's policy that at least one such

executive session convened per year shall include only independent trustees. The Board will not take formal actions at such sessions, although the participating non-management trustees may make recommendations for consideration by the Board. If appropriate, the non-management trustees will record minutes of such sessions. The Lead Trustee will preside at such sessions.

#### **D. Responsibility, Composition and Functioning of Committees**

The Board will maintain at all times a Compensation Committee, an Audit Committee and a Nominating and Corporate Governance Committee. The members of each of these committees shall meet the independence requirements for trustees as set forth in the rules of the NYSE and applicable securities laws and regulations and as set forth in committee charters. While each such committee will have a written charter addressing the purpose, goals, duties and responsibilities of the committee, the key responsibilities of each committee are as follows:

- The Compensation Committee is responsible for (i) discharging responsibilities relating to compensation of the Company's Chief Executive Officer, other executive officers and trustees, taking into consideration, among other factors, any shareholder vote on compensation, (ii) implementing and administering the Company's incentive compensation plans and equity-based plans, (iii) overseeing and assisting the Company in preparing the Compensation Discussion & Analysis for inclusion in the Company's proxy statement and/or Form 10-K, (iv) providing for inclusion in the Company's proxy statement a description of the processes and procedures for the consideration and determination of executive officer and trustee compensation and (v) preparing and submitting for inclusion in the Company's proxy statement and/or annual report on Form 10-K a Compensation Committee report, in accordance with applicable rules and regulations.
- The Audit Committee prepares an Audit Committee Report to be included in the Company's annual proxy statement and assists the Board in the oversight of the Company's accounting and financial reporting processes, integrity of the Company's consolidated financial statements and financial reporting process, the compliance by the Company with financial, legal and regulatory requirements, the qualification and independence of the Company's independent auditors, the Company's overall risk profile, and the performance of the Company's internal audit function and independent auditors.
- The Nominating Committee develops, recommends, implements and monitors the adherence to these Guidelines, oversees the Board's compliance with financial, legal and regulatory requirements, including applicable NYSE listing requirements, and its ethics program, as set forth in the Company's Code of Business Conduct and Ethics, annually facilitates the assessment of the Board's performance as a whole and of individual trustees, as required by applicable law, regulations and the NYSE corporate governance listing standards, oversees the Board's evaluation of the management, identifies and recommends to the full Board qualified candidates to serve as Board members and recommends nominees for election as trustees at

the annual meeting of shareholders consistent with the criteria approved by the Board.

The Board may from time to time form such other committees as it determines to be appropriate to facilitate and assist in the execution of the Board's responsibilities.

Committee members and chairs will, upon recommendations from time to time of the Nominating Committee, be appointed by the Board, after consideration of the desires, experience and expertise of individual trustees. The Nominating Committee will review the committee membership and chairpersonship on an annual basis, and may recommend to the Board rotating members and chairpersons from time to time, balancing the interests of continuity with diversity of experience and taking into account any legal, regulatory or NYSE requirements regarding the composition of a particular committee.

Each committee chair will establish the frequency, length and agenda of meetings as appropriate and necessary to carry out the committee's responsibilities. Sufficient time to consider the agenda items will be provided. Materials relating to specific agenda items will be provided to committee members sufficiently in advance of the committee meeting where necessary to allow the members to prepare for discussion of such items at the meeting. It is recognized that, in the event of a pressing need for a committee to meet on short notice, materials may not be available in advance of the meeting. In that event, sufficient time for discussion will be allocated to allow the committee to become adequately informed of any issues to be discussed at such meeting. At the invitation of the committee chair, members of management of the Company that are recommended by such committee chair, may attend committee meetings for the purpose of participating in discussions.

#### **E. Trustee Compensation**

Non-management trustees will be compensated for their service to the Company in cash and/or equity of the Company on a basis that is commensurate with the commitment made by such trustees to serve the Company, and taking into account the compensation paid to trustees by other similarly situated public companies. The Compensation Committee will periodically review the amount and nature of compensation paid to trustees, and make recommendations to the full Board regarding any adjustments to such compensation arrangements as appropriate. Trustees who also are employees of the Company will not receive additional compensation in their capacity, or for their service, as trustees.

The Board recognizes that trustees' independence may be jeopardized if trustee compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a trustee is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a trustee or an organization with which the trustee is affiliated, and therefore such actions will be discouraged. The Board will critically evaluate each of these matters when determining the form and amount of trustee compensation, and the independence of a trustee.

## **F. Trustee Orientation and Continuing Education**

All new trustees will participate in the Company's orientation program. This orientation will include presentations by management to familiarize new trustees with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its independent auditors.

All trustees are expected to stay actively informed and up to date on current issues relating to trustee responsibilities and are encouraged to participate in continuing educational programs. From time to time, the Board may set aside time at its meetings to provide continuing trustee education for the benefit of the trustees. The Company will pay all reasonable expenses relating to continuing trustee education.

## **G. Retention of Outside Advisors**

The Board and each committee shall have the power to retain and terminate independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

## **H. Transactions with Trustees**

It is the policy of the Board that any transaction in which a trustee (or any member of a trustee's immediate family) has a personal or financial interest (direct or indirect) should be scrutinized carefully to ensure that the transaction is in the best interests of the Company and will not otherwise create a conflict of interest. It is incumbent upon each trustee to promptly notify the Audit Committee when he or she becomes aware of a matter in which he or she (or any member of a trustee's immediate family) has, or may have, a personal or financial interest (whether direct or indirect) or may otherwise have a potential conflict of interest.

Without approval in accordance with the Company's Related Party Transaction Policy, the Company will not enter into a transaction or arrangement (including utilizing the services of any trustee to provide legal, accounting, financial, consulting or other similar services to the Company) in which a trustee has a material personal or financial interest (direct or indirect) or which would cause the Board to fail to meet any requirement of the NYSE. Whether a trustee has a material personal or financial interest in a transaction or arrangement will be determined by the Board on a case-by-case basis, but at a minimum a trustee will be considered to have a material personal or financial interest in a transaction or arrangement if the Company will be required to disclose the transaction or arrangement in its annual proxy statement to shareholders or the Company's Form 10-K. The interested trustee will not participate in any Board discussion regarding the matter in which the trustee has such an interest. For purposes hereof, "trustee" will include any entity with which the trustee is affiliated, any immediate family member of a trustee and any entity in which a trustee's immediate family member has a material interest.



## **I. Stock Ownership**

The Board believes that it is in the best interests of the Company that each non-employee trustee and each named executive officer (as defined in the Company's registration statement or proxy statement, as applicable) has a financial interest in the Company. Each non-employee trustee is required to own Securities (as defined below) of the Company equal in value to at least 4 times his or her base annual cash retainer. The Chief Executive Officer is required to own Securities (as defined below) of the Company equal in value to at least 6 times his or her base salary. Each of the Company's other named executive officers is required to own Securities (as defined below) of the Company equal in value to at least 3 times his or her base salary. The ownership levels shall be evaluated at the end of each fiscal year and the value of holdings shall be based on the average closing price per share of the Company's common stock for such year. Securities shall include all classes of common stock beneficially owned by such person, including shares received as compensation, preferred stock, time vested restricted stock or stock units, units of limited partnership interests and the intrinsic value of unexercised stock options and unearned performance shares of common stock. All non-employee trustees and named executive officers will have 5 years to comply with these ownership requirements. Each named executive officer and trustee must retain all net Securities (after payment of applicable taxes) earned from any equity award until the applicable stock ownership requirement is achieved. Waivers of these requirements may be granted by the Nominating Committee in the event of financial hardship or other good cause.

## **J. CEO Evaluation and Management Succession**

The Compensation Committee will conduct an annual review of the CEO's performance in accordance with policies and principles set forth in its charter. The Board will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long and short term.

The Board will periodically evaluate policies and principles for CEO selection and succession planning so as to facilitate smooth transitions of leadership. If appropriate, the Board will establish a committee to assist it in evaluating potential successors to the CEO.

In the event of the death, resignation, incompetence or incapacity of the Chairman and/or the CEO, (i) the Lead Trustee shall automatically be appointed to serve as the interim successor to the Chairman without any further action required by the Board or the Compensation Committee, (ii) the Chairman shall automatically be appointed to serve as the interim successor to the CEO without any further action required by the Board or the Compensation Committee, and (iii) the Lead Trustee will promptly call a meeting of the Board for purposes of appointing a special committee to start the process to recommend to the Board the selection of a permanent replacement for either or both positions.

## **K. Annual Board Review**

The Board will conduct an annual review and self-evaluation to determine whether it and its committees are functioning effectively. The review will focus on the Board's contribution to the Company and will seek to identify specific areas, if any, that need improvement or strengthening. Such review shall include presentations to the Board by each committee chairperson, and may, if deemed necessary or appropriate by the Board, include reviews and/or presentations by the Company's independent advisors, including its legal counsel and independent auditing firm. The Nominating and Corporate Governance Committee shall be responsible for overseeing the Board and committee evaluation process and reporting its assessments to the Board.

The Board also will conduct an annual review to ensure that the Company is in compliance with all applicable NYSE listing requirements and to ensure that all required certifications and public disclosures are made.

## **L. Periodic Review of Corporate Governance Guidelines**

The Guidelines, as set forth herein, will be reviewed by the Nominating Committee from time to time. If the Nominating Committee determines that modifications are in order, it will make recommendations of changes for the Board to consider.

## **M. Disclosure**

The Guidelines, as may be amended from time to time, shall be posted on the Company's website. The Company shall state in its annual proxy statement that these Guidelines are available on the Company's website and provide the website address.

These Guidelines amend in their entirety and replace the existing Corporate Governance Guidelines as heretofore in effect.

**March 14, 2018**

**EQUITY COMMONWEALTH CORPORATE GOVERNANCE GUIDELINES  
ACKNOWLEDGMENT**

I hereby acknowledge that I have received a copy of the Equity Commonwealth Corporate Governance Guidelines.

I understand that checking the box constitutes a signature confirming that I received the Corporate Governance Guidelines.