



## CORPORATE GOVERNANCE GUIDELINES

Alcoa Corporation (“Alcoa” or the “Company”) is a values-based company. Our **Values** guide our behavior at every level and apply across the Company on a global basis. We expect all directors, officers and other Alcoans to conduct business in compliance with our **Business Conduct Policies**, and we survey compliance with these policies on an annual basis. Alcoa endorses the **Business Roundtable’s 2012 Principles of Corporate Governance**, which provide guiding principles for best practices in corporate governance. These principles provide the foundation on which our **Corporate Governance Guidelines** and our **board committee charters** are based. All of the highlighted documents are publicly available on our website.

### Role of the Board of Directors and Director Responsibilities

The role of the Board of Directors (the “Board”) is to oversee the affairs of the Company while the day-to-day operation of the Company is the responsibility of management. The core responsibility of the directors is to exercise their business judgment and act in what they reasonably believe to be the best interests of the Company.

Serving on a board requires significant time and attention on the part of directors. Directors should participate in Board meetings, review relevant materials, serve on Board committees and prepare for meetings and discussions with management. Directors are expected to attend the annual meeting of stockholders.

Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; they are expected to act with integrity; and they are expected to demonstrate a commitment to the Company, its values and its business plan and to long-term stockholder value.

In performing their oversight responsibilities, directors rely on the competence and integrity of management in carrying out their responsibilities. It is the responsibility of management to operate the Company in an effective and ethical manner in order to produce value for stockholders.

### Director Qualification Standards

Prospective candidates to the Board of Directors, including potential nominees suggested by stockholders, will be identified and evaluated pursuant to the criteria set forth in these Corporate Governance Guidelines, and other objectives and procedures established from time to time by the Board of Directors or by its Governance and Nominating Committee.

**Independence.** A majority of directors must be “independent” under the listing standards of the New York Stock Exchange and Alcoa’s Director Independence Standards, as determined by the Board of Directors. Board independence depends not only on directors’ individual relationships, but also on the directors’ overall attitude. Providing objective, independent judgment is at the core of the Board’s oversight function, and the Board’s composition should reflect this principle. Directors bring to the Company a range of experience, knowledge and judgment. Directors should not represent the interests of particular constituencies.

***Memberships on Other Boards and Changes in Principal Responsibilities.*** As a general rule, it is advisable that (i) directors who also serve as chief executive officers of, or equivalent positions at, public companies should not serve on more than two boards of public companies in addition to the board of the company at which such director serves as chief executive officer or an equivalent position; and (ii) other directors should not serve on more than four other boards of public companies in addition to the Alcoa Board, subject to the discretion of the Governance and Nominating Committee. An Audit Committee member should not serve on the audit committees of more than three public companies in accordance with the New York Stock Exchange listing standards.

Directors are expected to notify the Chairman, the Chief Executive Officer and the Secretary before accepting a seat on the board of another business corporation as well as any non-profit or charitable organization, in order to allow Alcoa to conduct a review for potential conflicts and other issues.

Directors who have a substantial change in their principal responsibilities should tender their resignation from the Board so that the Governance and Nominating Committee can consider whether to accept the resignation. It is the sense of the Board that directors should not necessarily leave the Board upon a change in responsibilities; however, the Governance and Nominating Committee should have the opportunity to consider the change in evaluating the appropriate mix of skills and experience necessary for the Board to perform its oversight function effectively.

***Retirement Policy.*** As a general policy, no director should stand for election or re-election to the Board if the director has reached age 75 before the date of election or will reach age 75 during the term for which the director is being considered for nomination unless the Governance and Nominating Committee determines that, as of the date of the director's nomination: (1) the director is serving as a chairman, lead director or similar leadership role in a significant, complex global organization other than Alcoa; or (2) the director is serving as a director of, or is serving in a significant leadership role with, a publicly listed, significant, complex global organization other than Alcoa. Other exceptions to the mandatory retirement policy may be approved by a majority of the Board of Directors upon the recommendation of the Governance and Nominating Committee.

### **Board Leadership Structure**

The independent directors will appoint a Chairman. If the Chairman is an independent director, the Chairman will (i) call and chair all meetings of the Board, including executive sessions of the independent directors; (ii) chair the annual shareholders meeting, (iii) ensure that he or she is available for consultation and direct communication with major stockholders or joint venture partners, as appropriate; (iv) oversee board governance, including approval of meeting agendas and meeting schedules to assure that all agenda items are adequately addressed; (v) ensure personal availability for consultation and communication with independent directors; (vi) call special meetings of the independent directors, as the Chairman may deem to be appropriate; and (vii) provide guidance and communication to the CEO in matters of strategic importance. The Executive Vice President, General Counsel and Secretary will provide support to the Chairman in fulfilling the Chairman role.

## **Board Committees**

The Board currently has the following committees: Audit, Compensation and Benefits, Governance and Nominating, Public Issues and Executive. In accordance with New York Stock Exchange listing standards, all members of the Audit, Compensation and Benefits, and Governance and Nominating Committees are independent directors. All directors serving on the Audit Committee meet the enhanced independence criteria established by the New York Stock Exchange for audit committee members. The Board may, from time to time, establish or maintain additional or alternative committees that it determines to be necessary or appropriate.

Committee members and chairpersons will be appointed by the Board upon the recommendation of the Governance and Nominating Committee. There are no fixed terms for service on committees. Committee meetings are generally held in conjunction with full Board meetings. The charters of the Audit, Compensation and Benefits, Governance and Nominating, Public Issues and Executive Committees are published on the Company's website.

## **Director Access to Management and, as Necessary and Appropriate, Independent Advisors**

The Board must have accurate, complete information to do its job; the quality of information received by the Board directly affects its ability to perform its oversight function effectively. Directors should be provided with, and review, information from a variety of sources, including management, Board committees, outside experts, auditor presentations and other reports. The Board should be provided with information before Board and committee meetings with sufficient time to review and reflect on key issues and to request supplemental information as necessary.

Effective corporate directors are diligent monitors, but not managers, of business operations. Directors should have access to management, as needed, to fulfill their oversight responsibilities. Any meetings outside of regularly scheduled meetings that a director wishes to initiate with management should be coordinated through the Chairman, the Chief Executive Officer or the Secretary.

## **Director Compensation**

The Governance and Nominating Committee periodically reviews and makes recommendations to the Board regarding the form and amount of compensation for non-management directors. In determining director compensation, the Governance and Nominating Committee should consider director compensation at similarly situated companies and the increased time, effort, expertise and accountability required of active board membership in light of evolving corporate governance requirements.

Non-management directors are expected to invest 50% of their annual cash compensation in Alcoa shares until they satisfy the Director Share Guidelines, as they may be adopted or amended from time to time by the Board, and they are required to maintain that investment in Alcoa shares until they retire from the Board. It is the opinion of the Board that this policy reinforces a focus on long-term stockholder value.

## **Director Orientation and Continuing Education**

Materials and briefings are provided to new directors, on an individualized basis, to permit them to become familiar with the Company's business, industry and corporate governance practices.

The Company also provides additional formal and informal opportunities to directors (including site visits to business operations) on an ongoing basis to enable them to better perform their duties and to recognize and deal appropriately with issues that arise. The Company will pay for continuing education sessions and reimburse directors for costs they reasonably incur in attending such sessions.

### **Management Succession**

The paramount duty of the Board of Directors is to select a Chief Executive Officer and to oversee the Chief Executive Officer and other senior management in the competent and ethical operation of the Company.

The Board should identify, and periodically update, the qualities and characteristics necessary for an effective Chief Executive Officer of this Company. With these principles in mind, the Board should periodically monitor and review the development and progression of potential internal candidates against these standards. Advance planning for contingencies such as the departure, death or disability of the Chief Executive Officer or other top executives is necessary so that, in the event of an untimely vacancy, the Company has in place an emergency succession plan to facilitate the transition to both interim and longer-term leadership.

### **Communications with Third Parties**

The Board believes that management speaks for the Company. It is expected that Board members would not speak for the Company, absent unusual circumstances (or as required by regulations, listing standards or the Board), and that directors will adhere to such confidentiality policies as may be adopted by the Board from time to time.

The Board believes that effective communication with the Company's stockholders is important, and has established means for the Company's stockholders and other interested parties to contact the Chairman or the independent directors as a group. Information regarding how to contact the Chairman or the independent directors is included in the Company's proxy statement and is posted on the Company's website.

### **Executive Sessions of Outside Directors**

The non-management directors will meet in executive sessions without management at least annually or more frequently if required by regulations, listing standards or the Board.

### **Annual Performance Evaluation of the Board**

Meaningful board evaluation requires an assessment of the effectiveness of the full Board, the operations of its committees and the contributions of individual directors. The performance of the full Board should be evaluated annually, as should the performance of its committees. The Board should have a process for evaluating whether the individuals sitting on the Board bring the backgrounds, skills and expertise appropriate for the Company and how they work as a group. Board positions should not be regarded as permanent. Directors should serve only so long as they add value to the Board, and a director's ability to continue to contribute to the Board should be considered each time the director is considered for re-nomination.

## **Review of Guidelines**

The Board will review these Corporate Governance Guidelines annually, or more frequently as appropriate, and will consider and adopt amendments to these Guidelines as it deems appropriate.

## **Recovery of Incentive Compensation**

If the Board learns of any misconduct by an executive officer that contributed to the Company having to restate all or a portion of its financial statements, it shall take such action as it deems necessary to remedy the misconduct, prevent its recurrence and, if appropriate, based on all relevant facts and circumstances, take remedial action against the wrongdoer in a manner it deems appropriate. In determining what remedies to pursue, the Board shall take into account all relevant factors, including whether the restatement was the result of negligent, intentional or gross misconduct. The Board will, to the full extent permitted by governing law, in all appropriate cases, require reimbursement of any bonus or incentive compensation awarded to an executive officer or effect the cancellation of unvested restricted or deferred stock awards previously granted to the executive officer if: a) the amount of the bonus or incentive compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement, b) the executive engaged in intentional misconduct that caused or partially caused the need for the restatement, and c) the amount of the bonus or incentive compensation that would have been awarded to the executive had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may dismiss the executive officer, authorize legal action for breach of fiduciary duty or take such other action to enforce the executive's obligations to Alcoa Corporation as the Board determines fit the facts surrounding the particular case. The Board may, in determining appropriate remedial action, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Board's power to determine the appropriate punishment for the wrongdoer is in addition to, and not in replacement of, remedies imposed by such entities. For the purposes of these Guidelines, "executive officer" means any officer who has been designated an executive officer by the Board.

## **Criteria for Identification, Evaluation and Selection of Directors.**

1. Directors must have demonstrated the highest ethical behavior and must be committed to the Company's values.
2. Directors must be committed to seeking and balancing the legitimate long-term interests of all of the Company's stockholders, as well as its other stakeholders, including its customers, employees and the communities where the Company has an impact. Directors must not be beholden primarily to any special interest group or constituency.
3. It is the objective of the Board that all non-management directors be independent. In addition, no director should have, or appear to have, a conflict of interest that would impair that director's ability to make decisions consistently in a fair and balanced manner.
4. Directors must be independent in thought and judgment. They must each have the ability to speak out on difficult subjects; to ask tough questions and demand accurate, honest answers; to constructively challenge management; and at the same time, act as an effective member of the team, engendering by his or her attitude an atmosphere of collegiality and trust.
5. Each director must have demonstrated excellence in his or her area and must be able to deal effectively with crises and to provide advice and counsel to the Chief Executive Officer and his or her peers.

6. Directors should have proven business acumen, serving or having served as a chief executive officer, or other senior leadership role, in a significant, complex organization; or serving or having served in a significant policy-making or leadership position in a well-respected, nationally or internationally recognized educational institution, not-for-profit organization or governmental entity; or having achieved a widely recognized position of leadership in the director's field of endeavor which adds substantial value to the oversight of material issues related to the Company's business.
7. Directors must be committed to understanding the Company and its industry; to regularly preparing for, attending and actively participating in meetings of the Board and its committees; and to ensuring that existing and future individual commitments will not materially interfere with the director's obligations to the Company. The number of other board memberships, in light of the demands of a director nominee's principal occupation, should be considered, as well as travel demands for meeting attendance.
8. Directors must understand the legal responsibilities of board service and fiduciary obligations. All members of the Board should be financially literate and have a sound understanding of business strategy, business environment, corporate governance and board operations. At least one member of the Board must satisfy the requirements of an "audit committee financial expert."
9. Directors must be self-confident and willing and able to assume leadership and collaborative roles as needed. They need to demonstrate maturity, valuing Board and team performance over individual performance and respect for others and their views.
10. New director nominees should be able to and committed to serve as a member of the Board for an extended period of time.
11. While the diversity, the variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the committee will focus on any special skills, expertise or background that would complement the existing Board, recognizing that the Company's businesses and operations are diverse and global in nature.
12. Directors should have reputations, both personal and professional, consistent with the Company's image and reputation.