

**LIQUIDITY SERVICES, INC.  
CORPORATE GOVERNANCE  
GUIDELINES**

**1. General**

The Board of Directors (the “Board”) of Liquidity Services, Inc. (the “Company”) has adopted the following corporate governance guidelines (the “Guidelines”) in order to provide a framework for the governance of the Company and to preserve and strengthen the structure and processes of the Board.

The Board, which is elected by the Company’s stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company’s business, and monitors the performance of senior management. The Board also reviews the Company’s long-term strategic plan and business unit initiatives at least annually.

The Guidelines set forth procedures and guidelines with respect to (a) the selection, composition and evaluation of the Board, (b) the practices and processes of the Board and (c) certain stockholder related matters.

**2. Selection, Composition and Evaluation of the Board**

**a. Board Composition**

**i. Director Independence**

Independent Directors constitute a majority of the Board, and the Audit, Compensation, and Corporate Governance and Nominating Committees consist entirely of Independent Directors. In addition, Directors who serve on the Audit and Compensation Committees meet additional, heightened independence criteria applicable to audit and compensation committee members, respectively. “Independent Director” means a person who is free of any relationship with the Company that would interfere with the exercise of independent judgment as a member of the Board, and who therefore meets the independence requirements of The Nasdaq Stock Market (“Nasdaq”), on which the Company’s equity is traded. The Board makes an affirmative determination regarding the independence of each Director annually, based upon the recommendation of the Corporate Governance and Nominating Committee (the “CG&N Committee”).

**ii. Board Leadership**

The Board believes it is important to retain the flexibility to allocate the responsibilities of the offices of the Chairman and the Chief Executive Officer in any manner that it determines to be in the best interest of the Company and its stockholders at a given point in time. The offices are combined, and the Chief Executive Officer serves as Chairman. In addition, the independent Directors have appointed an independent Director to serve as the Lead Director for a period of at least one year. The

Lead Director's responsibilities include (a) presiding over executive sessions of the independent Directors ("Independent Director Sessions"), (b) setting the agenda for Independent Director Sessions, (c) providing input to the Chairman and Chief Executive Officer on the agenda for Board meetings, (d) providing collective feedback from the members of the Board to the Chairman and Chief Executive Officer, (f) serves as liaison between the Chairman and the independent Directors; (g) approves information sent to the Board; (h) approves meeting agendas for the Board; (i) approves meeting schedules to assure that there is sufficient time for discussion of all agenda items; (j) has the authority to call meetings of the independent Directors; and (k) if requested by major stockholders, ensures that he or she is available for consultation and direct communication.

### **iii. Board Structure**

The Board is divided into three classes, with staggered terms of three years each, so that the term of one class expires at each annual meeting of stockholders.

### **iv. Independent Director Sessions**

In accordance with the requirements of Nasdaq, Independent Directors meet in regularly convened Independent Director Sessions. The Lead Director chairs the Independent Director Sessions.

### **b. Committees**

The standing committees of the Board are the Audit, Compensation, and CG&N Committees. Each standing committee has a written charter explicitly delegating certain authority to such committee. The charters are reviewed regularly, and appropriate modifications are submitted for approval by the Board. Committees report regularly to the Board with respect to their activities. The CG&N Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and Chairpersons are recommended to the Board by the CG&N Committee and are appointed by the Board. The Board has the flexibility to form a new committee, disband a current committee or establish ad hoc committees to address particular issues or circumstances, as the Board deems appropriate.

### **c. Board Succession Planning; Director Qualifications**

The CG&N Committee engages in succession planning for the Board and key leadership roles on the Board and its committees. The CG&N Committee evaluates the composition of the Board annually to assess the skills and experience that are currently represented on the Board as a whole, and in individual directors, as well as the skills and experience that the Board may find valuable in the future in light of the Company's anticipated needs. Based on this evaluation, the Committee may recommend updates and additions to the Board's Director qualifications as appropriate.

In considering potential candidates for Director, the CG&N Committee

considers the entirety of each candidate's credentials. Qualifications for consideration as a Director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board. However, at a minimum, candidates for Director must possess:

- high personal and professional ethics and integrity;
- an ability to exercise sound judgment;
- an ability to make independent analytical inquiries;
- a willingness and ability to devote adequate time and resources to diligently perform Board duties; and
- appropriate and relevant business experience and acumen.

In addition to the aforementioned minimum qualifications, the CG&N Committee may take into account other factors when considering whether to recommend a particular person to the Board. These factors include:

- whether the person possesses specific industry expertise and familiarity with general issues affecting the Company's business;
- whether the person qualifies as an "audit committee financial expert" as such term is defined by the SEC in Item 407 of Regulation S-K;
- whether the person would qualify as an Independent Director;
- the importance of continuity of the existing composition of the Board; and
- the importance of a diversified Board membership, and whether the person contributes to achieving a diversity of skills, professional experience, tenure, and other characteristics (such as gender, race, age, and ethnic or national background) on the Board.

**d. Process for Identifying and Evaluating Director Candidates**

The CG&N Committee seeks to identify Director candidates based on input provided by a number of sources, including (i) CG&N Committee members, (ii) other Directors of the Company, (iii) stockholders of the Company, (iv) the Chief Executive Officer (if he or she is not also a director), and (v) third parties. The CG&N Committee also has the authority to consult with or retain search firms or other advisors to assist in the identification of qualified Director candidates. As part of the identification process, the CG&N Committee takes into account the number of expected Director vacancies that need to be filled and whether existing Directors have indicated a willingness to continue to serve as Directors if re-nominated.

Once Director candidates have been identified, the CG&N Committee then

evaluates these candidates in light of the qualifications required as set forth in Section 2(c) above, and any additional factors that it deems necessary or appropriate. Existing Directors who are being considered for re-nomination are re-evaluated based on their performance as Directors, as well as to assess whether they continue to meet the qualifications set forth in Section 2(c) above. All candidates submitted by stockholders are evaluated in the same manner as all other Director candidates, provided that the procedures set forth in Section 2(e) below have been followed.

After completing the identification and evaluation process described above, the CG&N Committee recommends to the Board the nomination of candidates for election at the annual meeting of the Company's stockholders. The Board then selects and designates nominees for election as Directors for stockholders to consider and vote upon at the stockholders' meeting.

**e. Stockholder Recommendations of Director Candidates**

**i. General Policy**

The CG&N Committee considers Director candidates recommended by stockholders provided that such recommendations are submitted in accordance with the procedures set forth below.

**ii. Procedures for Submitting Recommendations**

In order to provide for an orderly and informed review and selection process for Director candidates, the Board has determined that stockholders who wish to recommend Director candidates for consideration by the CG&N Committee must comply with the advance notice provisions and other requirements of Section 1.11 of the Company's Amended and Restated By-laws (the "By-laws") as if such recommendation were a nomination. Stockholders who intend to recommend a Director candidate to the CG&N Committee for consideration are urged to obtain and thoroughly review a copy of the By-laws. To obtain a copy of the By-laws, stockholders should contact the Company's General Counsel and Corporate Secretary.

**f. Orientation of New Directors and Continuing Education**

The Company provides an "orientation" program for all new Directors, which includes materials regarding the Company, its business and the responsibilities of directorship, as well as meetings with senior management and visits to Company facilities. The Board encourages Directors to participate in continuing education programs to assist them in performing their responsibilities as Directors.

**g. Director Compensation and Stock Ownership**

The Compensation Committee periodically (typically on an annual basis)

reviews the compensation of Directors and recommends any changes to the Board. The Board's philosophy is that Board compensation should be fair and equitable taking into consideration market and other factors, and a substantial portion of Director compensation is equity based to align the interest of Directors with those of the stockholders they represent.

**h. Outside Board Service**

To minimize the potential for any actual or potential conflict of interest between a Director and the Company, Directors must obtain the consent of the Chairman of the Board and the Chairman of the CG&N Committee prior to accepting any invitation to serve on a potentially competing corporate board of directors, or in any role with a governmental body or advisory group if the activities of such body or group relate to the present or reasonably foreseeable future business of the Company.

Ordinarily, Directors may not serve on the boards of more than four public companies, including the Company's Board. Directors who are chief executive officers of public companies may not serve on the boards of more than one other public company, in addition to the Company's Board.

**i. Conflict of Interest**

As to any specific matter that comes before the Board for its consideration, the Board, after consultation with counsel as appropriate, will determine whether a Director has an interest in or other conflict with such matter. It is the responsibility of each Director to bring any potential conflict of which he or she is aware to the attention of the Board, whether such conflict involves himself or herself or another Director. The Board believes that any Director with an interest in a matter before the Board or a committee should recuse himself or herself from the deliberations and voting thereon.

**j. Board of Directors Self-Evaluation**

The Board reviews its performance and effectiveness on an annual basis. The results of the evaluation are reviewed by the CG&N Committee and presented by the Chairman of the CG&N Committee to the Board for discussion. In addition, each Board committee annually assesses its own performance. The ability of individual directors to contribute to the Board is considered in connection with the renomination process.

**3. Board Practices and Processes**

**a. Agendas**

The Chairman of the Board sets meeting agendas in collaboration with the Lead Director and Committee Chairpersons after taking into account the suggestions of all Directors. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the Chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to

raise subjects at a Board meeting that are not on the agenda for that meeting. As a general rule, Board materials related to agenda items are provided to Directors sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.

**b. Written Guidelines & Policies**

The CG&N Committee maintains these Guidelines and operational policies for the Board and its committees. The Committee reviews the Guidelines periodically and recommends changes to the Board as appropriate.

**c. Attendance**

Based on agenda items and leadership development objectives, the Company's principal officers, other members of senior management and other persons the Directors deem appropriate (including legal and financial advisors) may be invited to attend Board and/or committee meetings.

**d. Outside Advisors**

The Board and each of its standing committees have the authority to engage such outside legal and other advisors, at the Company's expense, as they consider necessary in discharging their duties.

**e. Access to Senior Management**

Directors have open access to Company officers and employees and this open access includes the authority to hold meetings with any such person without senior management present.

**f. Evaluation and Compensation of Senior Management**

The Compensation Committee is responsible for approving annual and long-term performance goals for the Chief Executive Officer and all executive officers and for evaluating the Chief Executive Officer's performance against his goals. The results of the evaluation are shared with the Chief Executive Officer and used by the Compensation Committee in considering and approving the Chief Executive Officer's compensation.

**g. Succession Planning**

The Board plans for succession to the positions of Chairman and Chief Executive Officer as well as certain other senior management positions. These plans are reviewed by the CG&N Committee, which makes recommendations to the Board regarding succession planning. The Chief Executive Officer reports to the Board periodically on succession planning and management development and provides the Board with recommendations and evaluations of potential successors, including recommendations regarding who should assume the position of Chairman and Chief

Executive Officer in the event that he or she becomes unable or unwilling to perform the duties of this position.

**4. Certain Stockholder Related Matters**

**a. Attendance by Directors at the Annual Meeting of Stockholders**

The Company's Directors are encouraged to attend the annual meeting of stockholders.

**b. Communications with the Board**

Company stockholders and other interested parties who want to communicate with the Board or any individual Director can write to: Liquidity Services, Inc., 6931 Arlington Road, Suite 200, Bethesda, MD 20814, Attention: General Counsel and Corporate Secretary. The letter should state, if applicable, that you are a stockholder of the Company. All communications will be received and processed by the General Counsel and Corporate Secretary, who will review all communications intended for the Board and will regularly forward to the Board a summary of such communications and a copy of any communication that, in the opinion of the General Counsel and Corporate Secretary, is of significant importance to the functions of the Board or otherwise requires the Board's attention. Directors may at any time review a log of all communications received by the General Counsel and Corporate Secretary that is intended for the Board and request copies of any such communications.

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**Effective Date:** September 17, 2019