



## **DIRECTOR SELECTION PROCESS**

---

(As Amended and Adopted by the Board of Directors on October 31, 2016)

The Board of Directors, as part of the Corporate Governance Committee's director selection process, adopted a formal written policy for director selection. The Corporate Governance Committee will identify, evaluate and select potential director nominees, including nominees recommended by our stockholders, using qualitative standards and the procedures described below, when considering a candidate for director, without regard to whether a stockholder, non-management director, chief executive officer, other executive officer, third-party search firm or other interested party or entity, recommended the candidate.

### *Qualitative Standards*

1. Directors should be of the highest ethical character and share the values of the Company;
2. Directors should have reputations that are consistent with the image and reputation of the Company;
3. Directors should be highly accomplished in their respective fields;
4. Directors should be independent of any particular constituency and able to represent all stockholders of the Company;
5. Directors should have the ability to exercise sound business judgment;
6. Directors should be selected such that the Board of Directors is a diverse body;
7. Directors should be leaders affiliated or formerly affiliated with major organizations; and
8. Directors should have relevant expertise and experience.

### *Procedures*

1. The Chairman of the Board, any other member of the Board of Directors, Chief Executive Officer, President, any other executive officer, other interested party, a stockholder or a group of stockholders identifies the need to add a new member to the Board of Directors with specific criteria or to fill a vacancy on the Board or newly created directorships resulting from any increase in the authorized number of directors, as applicable;
2. The Corporate Governance Committee initiates a search, working with support staff and seeking input from members of the Board and senior management, and considering stockholder or other interested party, and if applicable, third-party search firm recommendations;
3. The Corporate Governance Committee accepts for consideration suggested qualified director candidates that submit a letter to the Corporate Governance Committee of the Board of Directors, c/o Lapolla Industries, Inc., Attn: Corporate Secretary, Intercontinental Business Park, 15402 Vantage Parkway East, Suite 322, Houston, Texas 77032, which acknowledges their interest in being considered for a position on the Company's Board of Directors (such letter may be marked confidential in the discretion of the director candidate(s)), which includes appropriate biographical information and a brief description of his or her qualifications (a written consent may also be required pursuant to Item 5 and Item 6 of Section 240.14n-101 of the Securities Exchange Act of 1934, as amended, pursuant to paragraph 4 below);
4. If the Corporate Governance Committee receives, by a date not less than the 120<sup>th</sup> calendar day before the anniversary of the date of the Company's proxy statement released to stockholders in connection with the previous year's annual meeting, a recommended director candidate(s) (nominee) from a stockholder that beneficially owned more than 5% of the Company's voting common stock for at least one year as of the date the recommendation was made, or from a group of stockholders that beneficially owned, in the aggregate, more than 5% of the Company's voting common stock, with each of the securities used to calculate that ownership held for at least one year as of the date the recommendation was made, the Company will identify the director candidate(s) and the stockholder(s) or group of stockholders that recommended the director candidate(s) and disclose whether the Corporate Governance Committee chose to nominate the director candidate(s); provided, however, that no such identification or disclosure will be made without the written consent of both the stockholder or group of stockholders and the director candidate(s). A director nominee from a stockholder shall be included in the Company's proxy materials, if the nominating stockholder or nominating stockholder group provides timely notice to the Company of its intent to do so on a Schedule 14N (Section 240.14n-101 of the Exchange Act) and file that notice, including the required disclosure, with the Securities and Exchange Commission on the date first transmitted to the Company. To be timely, the notice shall be postmarked or transmitted electronically to the registrant to by a date not less than the 120<sup>th</sup> calendar day before the anniversary of the date of the Company's proxy statement mailed to stockholders in connection with the previous year's annual meeting, except that, if the an annual meeting was not held during the prior year, or if the date of the meeting has changed by more than 30 calendar days from the prior year, then the nominating stockholder must provide notice a reasonable time before the proxy materials are mailed, as specified by the Company in a Current Report on Form 8-K;

5. The initial slate of candidates that satisfy specific criteria and otherwise qualify for membership on the Board of Directors are identified and presented to the Chairperson of the Corporate Governance Committee, or in the Chairperson's absence, any member of the Corporate Governance Committee delegated to initially review director candidates;
6. The appropriate Corporate Governance Committee member makes an initial determination in his or her independent business judgment as to the qualification and fit of such director candidate(s) and whether there is a need for additional directors to join the Board of Directors at that time;
7. If the reviewing Corporate Governance Committee member determines that it is appropriate to proceed, the Chairman of the Board, Chief Executive Officer, President, and members of the Corporate Governance Committee interview prospective director candidate(s);
8. The Corporate Governance Committee provides informal progress updates to the Board;
9. The Corporate Governance Committee meets to consider and approve the final director candidate(s);
10. If approved by the Corporate Governance Committee, the Corporate Governance Committee seeks Board approval of the director candidate(s), which considers all recommendations of the Corporate Governance Committee;
11. If the Board of Directors approves the director candidate(s), depending on the particular circumstance, the director candidate(s) is either appointed to the Board of Directors or included as a nominee for election at the next annual meeting of stockholders; and
12. If the Board of Directors disapproves the director candidate(s), the director candidate(s) is notified of such determination.