

# GUARDIAN TECHNOLOGIES INTERNATIONAL, INC.

## CORPORATE GOVERNANCE STANDARDS

Our board of directors has adopted the following Corporate Governance Standards. We recognize that sound principles of corporate governance are essential to assuring we retain the trust and confidence of our employees, investors and persons with whom we do business, government officials and the public generally. Our board has adopted and approved the following standards and principles that are intended to provide a framework for our governance.

### 1. Director Qualifications

The board of directors will have a majority of directors who meet the criteria for independence required by the American Stock Exchange or such other securities exchange or association on which the securities of the Company are then listed or quoted. In determining “independence,” the board will broadly consider all relevant facts and circumstances, including commercial industrial, banking, consulting, legal, accounting, charitable and familial relationships that a director (or an organization with which the director is affiliated) has with Guardian.

The Nominating Committee of our board of directors is responsible for reviewing with the board the requisite skills and characteristics for board members, as well as the composition of the board as a whole. In assessing possible candidates for nomination to the board, the Nominating Committee will consider the background, experience, skills, character, individual success in chosen field, background in public companies, geographic diversity, and independence of candidates. Prospective nominees for director will be identified and recommended by the Nominating Committee in accordance with the policies and criteria set forth in its charter.

Our certificate of incorporation currently provides that the board shall consist of between five and seven directors, each to hold office for a staggered term of three years, the exact number to be established by the board. Currently, our board consists of five members.

Each director will reasonably manage his or her commitments in order that they do not preclude devoting adequate time and attention to the performance of his or her duties as a member of the board and its committees.

Although the board has not established term limits, the Nominating Committee will review each director’s continuation on the board at the end of such director’s term and coincident with that director’s re-nomination.

If individual directors change their principal occupations, positions or responsibilities they held when elected to the board, they should notify the Chairman of

our board and the Nominating Committee should review the continued appropriateness of board membership under the circumstances.

Directors should advise the Chairman of the board and the Chairman of the Nominating Committee in advance of accepting an invitation to serve on another public company board. There should be an opportunity for the board through the Nominating Committee to review the director's availability to fulfill his or her responsibilities as a director if he or she serves on more than three other public company boards, and such review may included due consideration that a director was serving on other public company boards prior to the adoption of these Corporate Governance Standards. No director shall stand for election or reelection after attaining the age of 75, unless excepted by the board.

Newly created directorships resulting from any increase in the number of directors or any vacancies in the board resulting from death, resignation, retirement, disqualification, removal from office or other cause, shall be filled by a majority of the continuing or remaining directors then in office, or a sole remaining director, although less than a quorum, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholder at which the term of the class to which they have been elected expires. New directors elected to the board shall stand for election by stockholders at the earliest possible time consistent with the Company's charter.

## **2. Director Responsibilities**

The business and affairs of Guardian are under the direction of the board of directors. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of Guardian in a manner consistent with their fiduciary duties. In considering the best long-term and short-term interests of Guardian, where appropriate the directors may consider the needs and concerns of stakeholders and interested parties other than stockholders, including employees, suppliers, customers, and communities in which the Company conducts business, and other pertinent factors. The board elects the Chief Executive Officer and other officers of the Company who have those powers and duties regarding the day-to-day operations of the Company as a specified in our By-Laws or as otherwise determined by the board. In discharging their obligations, directors will be entitled reasonably to rely on our employees and our outside advisors and auditors. Information and data that are important to the board's understanding of the business to be conducted, such as agendas and supporting materials, should generally be distributed in writing to the directors before the meeting. Directors are expected to attend board meetings and the meetings of the committees on which they serve, and to spend such time as is necessary, including time to review materials distributed in advance of board or committee meetings, properly to discharge their responsibilities.

Directors must disclose to other directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from

voting on a matter in which they may have a conflict. Except in unusual circumstances or as required by committee charters or as requested by senior management, directors are expected to follow the principle that senior management, as opposed to individual directors, provide the public voice of Guardian. Directors receiving inquiries from institutional investors, the press or other should refer them to the CEO or other appropriate officer of Guardian.

The directors shall be entitled to have Guardian purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and our certificate of incorporation, By-Laws and any indemnification agreements, and to exculpation as provided by state law and our certificate of incorporation and By-Laws.

### **3. Board Committees**

Generally, the board will have at all times an Audit Committee, a Compensation Committee, and a Nominating Committee. No employee will be a member of any of these committees, and all of the members of these committees will be independent to the extent required by applicable securities exchange or association rules. Committee members will be appointed by the board upon recommendation of the Nominating Committee with consideration of the desires of individual directors.

The charters of the Audit Committee, Compensation Committee, and Nominating Committee will set forth the purposes, goals and responsibilities of the committees as well as certain specific qualifications for committee membership and procedures for committee member appointment; in addition, the charters will address committee reporting to the board. The charters will also provide that each such committee will annually evaluate its performance.

The chairman of each committee, in consultation with the committee members, will determine the frequency and length of committee meetings, consistent with any requirements of the committee's charter. The chairman of each committee, in consultation with the committee and management, will develop the committee's agenda. The schedule of meetings for each committee will be furnished to all directors.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing and issuing an audit report or other attest services, and the independent auditors shall report directly to the Audit Committee. The board and the committees each have the authority to hire and fire independent legal, financial, or other advisors as they may deem necessary, and to establish terms and conditions of the particular engagement. The appointment of our independent auditors shall be submitted for stockholder ratification at the next stockholders' annual meeting following the auditors' appointment.

The board may, from time to time, establish additional committees as necessary or appropriate.

#### **4. Director Access to Officers, Employees and Outside Advisors**

We will provide each director with complete access to the management of the company, subject to reasonable advance notice to the company and reasonable efforts to avoid disruption to the company's management, business and operations.

#### **5. Director Compensation**

The board or an authorized committee thereof will determine and review at least annually the form and amount of director compensation and benefits, if any, including cash, equity-based awards and other director compensation.

The following basic principles will be applied in determining the compensation and benefits to be paid or provided to our directors:

- Our directors should be fairly compensated for work required as a director and, as applicable, committee member for a public company; and
- Compensation should be designed to align directors' interests with the long-term interests of stockholders.

In determining directors' compensation and benefits, the board and its committees will recognize that questions may be raised when directors' fees, equity incentives and benefits exceed what is customary. Similarly, the board and its committees will recognize that the independence of directors could be questioned if substantial charitable contributions are made to organizations in which a director is affiliated or if we enter into consulting contracts with, or provides other indirect compensation to, a director. The board or, if applicable, its designated committee will critically evaluate each of these matters when determining the form and amount of director compensation and benefits, and the independence of a director.

#### **6. Director Orientation and Continuing Education**

Our Chief Financial Officer will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors for their benefit either prior to or within a reasonable period of time after their nomination or election as a director. Each new director will, within six months of election, receive an orientation by senior management regarding our strategic plans, financial statements and key policies and procedures.

#### **7. Management Evaluation**

The board (excluding the members of management) will annually review the performance and compensation of the CEO, taking into account the views and

recommendations of the Compensation Committee.

The CEO will provide an annual report on succession planning and related development recommendations to the board and the Nominating Committee, including short-term succession plan delineating temporary delegation of authority in the event the CEO or any other executive officer is unexpectedly unable to perform his or her duties. In view of that report, the board and Nominating Committee will establish and review formal or informal policies and procedures regarding succession to the CEO or other executive officers in the event of emergency or retirement.

**8. Annual Performance Evaluation**

The board of directors, in coordination with the Nominating Committee, annually will review and evaluate the performance and functioning of the board and its committees.

**9. Amendment, Modification and Waiver**

These Corporate Governance Standards may be amended, modified or waived by the board, subject to disclosure and other provisions of applicable securities laws or the rules of any securities exchange or association on which our securities are then traded or quoted.

Approved by the Board of Directors  
September 26, 2005  
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