

# HNI CORPORATION

## CORPORATE GOVERNANCE GUIDELINES

### A. The Board

#### 1. Role of the Board.

The primary responsibility of the Board is to oversee the business affairs of the Corporation. In addition, the Board selects, and provides advice and counsel to, the Chief Executive Officer and certain senior executive officers. The Board believes that this responsibility is best carried out by establishing a corporate culture of accountability, responsibility and ethical behavior through the careful selection and evaluation of senior management and members of the Board and by carrying out the Board's responsibilities with honesty and integrity.

In discharging their responsibilities, Directors should be entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors. Board members are expected to diligently prepare for, attend and participate in all Board meetings and meetings of committees of the Board on which they serve and to devote the time necessary to discharge their responsibilities.

#### 2. Size of the Board.

The Board will determine the appropriate size of the Board from time to time based on the recommendations of the Public Policy and Corporate Governance Committee. The Board believes that an appropriate size for the Corporation is between ten and 15 members. The actual number of directors may be modified at any time by a majority vote of the Directors then in office.

#### 3. Independent Directors.

At least three-fourths of the Board members will be "independent" under the rules of the New York Stock Exchange and under applicable law. The Board believes that the Corporation's Chairman and Chief Executive Officer and President should be the only Corporation executives serving as a director. The Board of Directors has adopted the categorical standards of independence set forth on Exhibit A to assist it in making independence determinations.

#### 4. Lead Director.

A Lead Director will be appointed annually by the Board. The Lead Director shall be an independent Director. The Lead Director will preside over executive sessions of the Board of Directors, acting as the liaison between the independent Directors and the Chairman, President and Chief Executive Officer. The Lead Director may also serve as the contact person to facilitate communications by members and shareholders directly with the non-management members of the Board. The Lead Director may also provide input to the Chairman, President and Chief Executive Officer on agendas for meetings of the Board of Directors. The Lead Director serves temporarily as Chairman of the Board and the Corporation's spokesperson in the event the Chairman of the Board is unable to act.

## **B. Directors**

### **1. Board Membership Criteria.**

The Public Policy and Corporate Governance Committee is responsible for reviewing with the Board, at least annually, the appropriate skills and experience required of Board members. This assessment will include factors such as judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

### **2. Selection of Directors and Other Board Memberships.**

The Public Policy and Corporate Governance Committee, with input from the Chairman and Chief Executive Officer, screens director candidates, including those recommended by shareholders. The Public Policy and Corporate Governance Committee also reviews the nomination of incumbent Directors for re-election to the Board upon expiration of such Director's term. The Board recommends to shareholders qualified individuals who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills most appropriate for the Corporation. The invitation to join the Board should be extended by the Board through the Chairman. A director candidate should demonstrate a willingness and ability to prepare for, attend and participate in all Board and Committee meetings, without excessive competing time commitments to other companies or boards. Non-management Directors are encouraged to limit the number of public, private and not-for-profit boards on which they serve, taking into account potential board attendance, participation and effectiveness on these boards. Non-management Directors should advise the Chief Executive Officer and the Chairperson of the Public Policy and Corporate Governance Committee of any invitation to serve on another board in advance of accepting the invitation to serve on another board.

The Public Policy and Corporate Governance Committee is responsible for succession planning for the Board, including appropriate contingencies in case the Chairman retires, resigns or is incapacitated. The Committee will assist the Board in evaluating potential successors to the Chairman.

### **3. Director Resignation Upon Failed Election.**

In accordance with the By-laws of the Corporation, in an Uncontested Election (as defined in the Corporation's By-laws), a nominee must receive more votes cast "FOR" than "AGAINST" his or her election or re-election in order to be elected or re-elected to the Board. To the extent permitted by law, the Board expects a Director to tender his or her resignation if he or she fails to receive the required number of votes for re-election. The Board shall nominate for election or re-election as Directors only candidates who agree to tender, promptly, following the annual meeting at which they are elected or re-elected as Director, irrevocable resignations in the form set forth on Exhibit B hereto that will be effective ninety (90) days after the date of the certification of the election results. In addition, the Board shall fill Director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other Directors in accordance with this governance policy.

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

New Directors will participate in an orientation program, including discussions with key executives. All Directors are invited to participate in the orientation program. Periodically, the Corporation will provide opportunities for directors to visit the Corporation's significant facilities in order to provide greater understanding of the Corporation's business.

#### **5. Ownership of Corporation Stock.**

The Board of Directors believes ownership of shares of the Corporation's common stock by its officers and Directors serves the best interests of the Corporation by promoting efficiency and dedication and by providing additional incentive.

The policy of the Corporation with regard to such ownership is as follows:

The Corporation encourages its officers and Directors to invest in shares of the Corporation's common stock. The Corporation maintains a requirement that all Directors receive at least one-half of their Annual Retainer in the Corporation's common stock or common stock equivalent units. This policy does not apply to Directors owning HNI Corporation common stock with a market value of five times or more of the Annual Retainer. Board members may accumulate common stock of the Corporation in the following ways:

- a. through open market purchases;
- b. by electing to take all or a portion of their compensation as Directors in the form of common stock; and
- c. through grants of stock and stock options, as determined by the Board from time to time, under the Corporation's equity plan for non-employee Directors.

All purchases and sales of the Corporation's common stock by Directors will comply with all rules and regulations of the Securities and Exchange Commission relating to "insider trading."

The Board expects that Directors' investments in shares of common stock of the Corporation should be primarily for long-term appreciation, and active trading of the Corporation's stock by such individuals is discouraged.

#### **6. Director's Change in Professional Status.**

A non-employee Director will notify the Board, and offer to submit his or her resignation from the Board, in the form set forth on Exhibit C hereto, if there is a substantial change in the Director's business, employment or professional position or title. Any Director who is an employee of the Corporation shall submit his or her resignation from the Board upon retirement, resignation or termination of employment. The Board may accept or reject such resignation in its discretion after consultation with the Public Policy and Corporate Governance Committee.

#### **7. Director Compensation and Expense Reimbursement.**

The Corporation will prepare each year a report for review by the Public Policy and Corporate Governance Committee comparing HNI Corporation Board compensation to director compensation of peer companies. The Committee will recommend to the Board what changes, if any, in Director compensation are warranted. Any changes in Director compensation will be reviewed and approved by the Board.

Directors will be reimbursed for the expenses they incur while traveling related to their service on the Board. Any changes in the reimbursement policy will be recommended by the Public Policy and Corporate Governance Committee and reviewed and approved by the Board.

A director who is also an officer of the Corporation will not receive additional compensation for service as a director.

#### **8. Transactions with Directors and their Affiliates.**

Except for employment with the Chairman, the Chief Executive Officer and the President, the Corporation does not engage in transactions with Directors or their affiliates if a transaction would cast into doubt the independence of a Director, present the appearance of a conflict of interest, or is otherwise prohibited by law, rule or regulation. This includes, directly or indirectly, any extension, maintenance or renewal of an extension of credit to any Director or member of management of the Corporation. Any waiver of this policy for executive officers and Directors may be made only by the Board or a Board Committee and must be promptly disclosed to the Corporation's stockholders.

#### **9. Attendance of Non-directors at Meetings.**

Senior members of management recommended by the Chief Executive Officer may attend Board meetings or portions thereof to participate in discussions and/or presentations. The Chief Financial Officer and General Counsel and Secretary should attend all Board meetings, except meetings, or portions of meetings, held in executive session.

### **C. Term of Office**

#### **1. Director Retirement Policy.**

A Director will not stand for election if (a) the annual shareholders' meeting at which the Director would be elected is scheduled to be held on or after his or her 68th birthday, or (b) the Director is no longer active in a business or profession through employment, consulting, or membership on boards of directors of other significant companies or organizations, unless the Public Policy and Corporate Governance Committee, in conjunction with the Chairman of the Board, recommends otherwise.

#### **2. Term Limits.**

The Board does not believe it is appropriate or necessary to limit the number of terms a Director may serve. The Public Policy and Corporate Governance Committee and the Board will apply its director candidate selection criteria, including a Director's current and past contributions to the Board, prior to recommending a Director for re-election to another term.

### **D. Committees**

#### **1. Board Committees.**

Committees conduct a significant portion of the Board's business. Consistent with the listing requirements of the New York Stock Exchange, the Corporation will maintain an Audit Committee, a Human Resources and Compensation Committee and a Public Policy and Corporate Governance Committee (which, among other things, performs the function of a

nominating committee). All significant findings of a Committee are presented to the Board for discussion, review and approval.

## **2. Committee Agendas.**

The Committee Chair determines committee agendas in consultation with Committee members and appropriate members of management.

## **3. Committee Composition and Leadership.**

Committees will be comprised of Directors that are "independent" under the criteria established by the New York Stock Exchange and under applicable law. The Public Policy and Corporate Governance Committee recommends assignments and rotation of Committee membership and leadership with input from the Chairman. The Board approves assignments and leadership of the Committees. Consideration is given to periodic rotation of membership and leadership by taking into account Director interest, continuity, independence, expertise and tenure.

## **4. Committee Charters.**

Consistent with the listing requirements of the New York Stock Exchange, the Board approves a written charter for each Committee. Each committee is required to annually review its charter and recommend changes to the Public Policy and Corporate Governance Committee, which may recommend changes to the charters to the Board for review and approval. The charters will be included on the Corporation's website and copies of the charters will be made available upon request of the Corporation's Secretary.

## **5. Succession Planning.**

The Human Resources and Compensation Committee is responsible for developing and maintaining the process for advising the Board on planning for potential successor Chief Executive Officers and other key senior management positions, including succession planning in the event of emergency or retirement. The succession plan is reviewed with the Board at least annually.

## **6. Evaluation of Board Performance.**

The Public Policy and Corporate Governance Committee evaluates the performance of the Board at least annually. The Chair of the Committee reports the results of the evaluation to the Board.

## **7. Selection and Evaluation of Chief Executive Officer.**

The Human Resources and Compensation Committee will be responsible for identifying potential candidates to be the Chief Executive Officer of the Corporation. The Board will select the Chief Executive Officer. The Human Resources and Compensation Committee and the independent directors of the Board evaluate the performance of the Chief Executive Officer annually in light of the goals and objectives of the Corporation. The results of the evaluation are communicated to the Chief Executive Officer by the Chair of the Committee and reported to the Board of Directors while in executive session.

## **8. Evaluation of Corporation Performance.**

The Public Policy and Corporate Governance Committee evaluates the performance of the Corporation annually. The Chair of the Committee reports the results of the evaluation to the Board.

## 9. Self-Evaluation of Committee Performance.

Each Committee of the Board is responsible for evaluating its own performance under its charter.

### **E. Board Meetings**

#### **1. Number of Meetings and Attendance Policy.**

The Board usually meets in regularly scheduled meetings four times a year, but will meet more frequently when appropriate. The Board considers it important for its effective functioning that all Directors use their best efforts to attend each meeting. A Director who will be unable to attend a meeting (which may happen occasionally) is expected to notify the Chairman of the Board or the Chairperson of the committee in advance.

Any Director who is absent from more than one regular Board or one regular Committee meeting each year or more than three regular Board or three regular Committee meetings during his or her normal term of office will submit his or her resignation from the Board of Directors, which, if accepted by the Board, will become final.

#### **2. Executive Session and Outside Directors' Meetings.**

Non-management Directors will meet in executive session during each regular meeting to discuss such matters as they deem appropriate. Additional meetings of non-management Directors may be called by a majority of such directors or by the Lead Director. The compensation of the Chief Executive Officer is discussed at one of these meetings. The Lead Director of the Board presides at such meetings. The Corporation will identify in the annual proxy statement the Lead Director as the presiding independent director at these meetings and the process by which shareholders and interested parties can communicate with the non-management Directors.

#### **3. Meeting Material Content and Distribution.**

Written materials for the subjects included on the agenda for a meeting for discussion by the Board are generally distributed sufficiently in advance so the Directors have an opportunity to review the material and prepare for discussion. Materials for sensitive subjects may not be distributed until the meeting occurs.

### **F. General**

#### **1. Periodic Review of these Guidelines.**

The operation of the Board of Directors is dynamic and will evolve. No policy or guideline can cover each and every issue that may surface, but these Guidelines set the tone for the operation of the Board and assist the Board in fulfilling its obligations to shareholders. The Public Policy and Corporate Governance Committee will review these Guidelines annually.

#### **2. Access to Management.**

Directors will have free access to all members of management and members of the Corporation and, as necessary and appropriate, the Corporation's independent advisors, including legal counsel and independent accountants.

### **3. Board Interaction with Institutional Investors, the Press, Customers, etc.**

The Board believes the Chief Executive Officer speaks for the Corporation. While individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation, it is expected that Board members would only initiate such communications with the prior knowledge of the Chief Executive Officer and, absent unusual circumstances, only at the request of the Chief Executive Officer.

Consistent with the listing requirements of the New York Stock Exchange, these Guidelines will be included on the Corporation's website and will be made available upon request to the Corporation's Secretary.

Adopted by the Board of Directors on February 11, 2004.

As amended by the Board of Directors on May 3, 2005, November 11, 2005, May 8, 2007, February 13, 2008, May 6, 2008 and November 7, 2008.

## **Exhibit A**

### **HNI Corporation Categorical Independence Standards for Directors**

**(Adopted as of November 11, 2005)**

A Director of HNI Corporation who satisfies the independence criteria set forth in New York Stock Exchange Rule 303A.02(b)(i) through (v) will be presumed to have no material relationship to HNI.

In addition, the following relationships will not, in and of themselves, be considered material relationships, unless otherwise expressly provided for with respect to a particular interest or relationship in the rules established by the New York Stock Exchange ("NYSE"):

- Contributions or payments (including the provision of goods and services) by HNI to a charitable organization (including a foundation), a university or other not-for-profit organization in which a Director or a Director's immediate family member is a director, trustee, officer or employee, unless the contribution or payment (excluding matching gifts): (i) was made to an entity for which the Director or the Director's spouse currently serves as a director, trustee or officer and he or she served in such position at the time of the contribution or payment; (ii) was made within the three fiscal years preceding the date of any determination; and (iii) was in an amount exceeding the greater of \$1,000,000 or 2 percent of the charitable organization's aggregate annual charitable receipts during the organization's last completed fiscal year prior to the date of the contribution or payment.
- Other business relationships between a Director or a Director's immediate family member and HNI, such as purchase by HNI of products or services, including consulting, legal or financial advisory services, unless: (i) the Director or the Director's spouse is a partner, officer or 10% owner of a company or firm providing such products or services, and he or she held such position at any time within the 12 months preceding the date of any determination; (ii) the products or services were provided within the three fiscal years preceding the date of any determination; and (iii) the products or services were provided during any 12-month period were in an aggregate amount exceeding the greater of \$1,000,000 or 1 percent of such company's or firm's consolidated gross revenues for its last completed fiscal year. This does not include business relationships with HNI's internal or external auditors, which are covered by the criteria set forth above and rules established by the NYSE.

As used in these Standards, "HNI" shall mean HNI Corporation and its direct and indirect subsidiaries, "immediate family member" shall have the meaning set forth in the NYSE independence rules, as may be amended from time to time, and "10% owners" means stockholders who directly or indirectly have a 10% or greater equity or voting interest in an entity.

**Exhibit B**

**Form of Director Resignation**

[Date]

[Address]

Attention: Chairman of the Board of Directors of HNI Corporation

Dear \_\_\_\_\_:

In accordance with the HNI Corporation Corporate Governance Guidelines regarding majority voting in director elections, I hereby tender my resignation as a director of HNI Corporation ("HNI"), provided that this resignation shall be effective ninety (90) days after the date of the certification of the election results only in the event that I fail to receive a number of votes sufficient for re-election (as provided in the By-laws of HNI Corporation) at any future meeting of the shareholders of HNI at which my seat on the HNI Board of Directors will be subject to re-election (an "Applicable Annual Meeting").

If I am re-elected at an Applicable Annual Meeting, this resignation will not be effective, and it shall continue thereafter in accordance with its terms and apply to subsequent Applicable Annual Meetings. If I am not re-elected at an Applicable Annual Meeting, this resignation shall be effective as set out above.

This resignation may not be withdrawn by me at any time.

Very truly yours,

\_\_\_\_\_  
Director

**Exhibit C**

**Form of Director Offer to Resign Due to Change in Professional Status**

**[Date]**

**[Address]**

Attention: Chairman of the Board of Directors of HNI Corporation  
Chairman of the Public Policy and Corporate Governance Committee  
Vice President, General Counsel and Secretary

Dear \_\_\_\_\_:

In accordance with the HNI Corporation Corporate Governance Guidelines, I hereby offer to submit my resignation as a director of HNI Corporation due to a substantial change in my professional status. Such change consists of

\_\_\_\_\_.

[Despite this change, I would like to remain a director and continue to serve on HNI Corporation's Board of Directors.]

Very truly yours,

\_\_\_\_\_  
Director