



**Leggett & Platt, Incorporated | 1 Leggett Road | Carthage, MO 64836**

## **CORPORATE GOVERNANCE GUIDELINES**

### **I. ROLE OF THE BOARD**

- a. The role of the Board of Directors (the “Board”) of Leggett & Platt, Incorporated (the “Company”) is to maximize long-term shareholder value. The Board is the ultimate decision-making body of the Company, except for those matters reserved to the shareholders. The senior management team is charged with the conduct of the Company’s business. The Board acts as an advisor and counselor to senior management and monitors its performance.
- b. The Board also plans for succession of the Board’s Chair and the Chief Executive Officer. Succession planning will include policies and principles for the CEO selection and performance review, as well as a process for succession in the event of an emergency or retirement of the CEO.

### **II. SELECTION AND COMPOSITION OF THE BOARD; DIRECTOR QUALIFICATION STANDARDS**

- a. The Board will consist of a majority of directors who are independent as determined in accordance with New York Stock Exchange Listing Standards. The Board will at least annually determine the independence of each director and again if a director’s affiliations change during the year. To assist in making these determinations, the Board will maintain director independence standards consistent with the requirements of the New York Stock Exchange and applicable securities laws.
- b. The Nominating, Governance and Sustainability Committee (the “Nominating Committee”), in consultation with the Chair, the CEO and the Lead Director, will make recommendations to the Board concerning the appropriate size, composition, and needs of the Board.
- c. The Nominating, Governance and Sustainability Committee will identify potential director candidates and recommend to the Board nominees for election as directors. The full Board will make the final decision on director candidates. The Nominating Committee will search for director candidates in line with the Procedure for Identifying and Evaluating Director Candidates.
- d. In order to be nominated for election as a director, a candidate must submit a contingent resignation to the Nominating Committee. The resignation will become effective only if (i) the director nominee fails to receive an affirmative the vote of a majority of the shares, represented in person or by proxy, entitled to votes at a meeting for the election of directors, and (ii) the Board accepts the resignation. If a director fails to receive an affirmative majority of such votes, the Nominating Committee will make a recommendation to the Board whether to accept or reject the director’s resignation and whether any other action should be taken.

- e. Non-employee directors may not serve on the boards of more than four public companies without Board approval, and an executive officer may not serve on the board of more than one other public company without Board approval. Directors should notify the Corporate Secretary in advance of accepting a seat on another board. Membership on committees of the Board may have more stringent standards in accordance with the New York Stock Exchange Listing Standards.
- f. The Board values the contributions of directors whose years of service have given them insight into the Company and its operations and believes term limits are not necessary.
- g. When a director's principal occupation changes substantially, the director will offer a letter of resignation from the Board to the Chair of the Nominating Committee. The Nominating Committee, in consultation with the Board's Chair, will review the situation and recommend whether the Board should accept or reject the resignation offer.
- h. When a director, including an employee director, becomes aware of circumstances that may adversely reflect upon the director, any other director, or the Company, the director should notify the Nominating Committee of such circumstances. The Nominating Committee will consider the circumstances and may, in certain cases, request the director to cease the conflicting activity or, in more severe cases, request that the director submit his or her resignation from the Board if, for example, continuing service on the Board by the director is not consistent with the criteria deemed necessary for continuing service on the Board.

### **III. BOARD LEADERSHIP**

- a. The Board will appoint a Chair on an annual basis and, in the event the Chair is not an independent director, will appoint a Lead Director from among the independent directors. The Chair will preside at Board meetings and, in his or her absence, the Lead Director will preside. In the absence of the Chair and the Lead Director, the Chair of the Nominating Committee will preside at Board meetings. The title of the Board Chair may be Board Chair, Chairman or a similar title as determined from time to time by the Board.
- b. The Chair, the CEO and the Lead Director will set the schedule and agenda for Board meetings. Any director may request that an item be included on the agenda. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chair of that committee.
- c. The Chair, the CEO and the Lead Director will work with senior management to ensure that directors receive Board materials sufficiently in advance of Board meetings to allow them time to prepare for the meeting.
- d. At the invitation of the Board, members of senior management recommended by the Chair, the CEO and/or the Lead Director may attend Board meetings or portions thereof to participate in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations.
- e. During such times that the Chair is not an independent director, the Lead Director will (a) serve as a liaison between the CEO and/or Chair and the independent directors; (b) be a member of the Company's finance committee and will (along with the chair of the Audit Committee) review financial press releases prior to issuance; and (c) be the principal representative of the independent directors in communicating with the Company's shareholders. During such times

that the Board's Chair is an independent director, the Chair will assume the foregoing responsibilities under this paragraph 3(e).

#### **IV. DIRECTOR RESPONSIBILITIES; ACCESS TO MANAGEMENT AND ADVISORS**

- a. Directors are expected to spend the time and effort necessary to properly discharge their responsibilities, including advance review of meeting materials. Directors are expected to regularly attend Board and committee meetings, with the understanding that occasional absences may be unavoidable. All directors are expected to attend the annual meeting of shareholders.
- b. The Company will provide, and newly elected or appointed directors are expected to attend, a comprehensive orientation process for new directors that includes written materials, meetings with key management and visits to Company facilities. The Company will also provide or recommend to directors periodic continuing education opportunities designed to enhance a director's ability to perform his or her duties.
- c. Directors will have complete access to Company management and the Company's independent auditors.
- d. The Board or any Committee, as necessary and appropriate, may contact and retain independent advisors to assist the Board in carrying out its duties and responsibilities.

#### **V. DIRECTOR COMPENSATION; STOCK OWNERSHIP GUIDELINES**

- a. The Human Resources and Compensation Committee (the "Compensation Committee") will periodically review and make recommendations to the Board with respect to both cash and equity compensation for directors. The full Board will make final decisions on director compensation. The Board believes that director compensation should fairly pay directors for work required on behalf of the Company, and that compensation should align directors' interests with the long-term interests of shareholders.
- b. The Board believes the Company's directors and executive officers should have a meaningful stake in the ownership of the Company in order to align their interests with those of shareholders. To further that objective, the Board has adopted minimum stock ownership guidelines to be met within five years of initial appointment or election. Guidelines, expressed as a multiple of annual Board cash retainer, or in the case of executive officers, base salary, are as follows: Non-employee directors, the Board's Chair, and Chief Executive Officer – 5x, Chief Operating Officer, Executive Vice President, and Chief Financial Officer – 3x, all other Executive Officers – 2x. Shares owned outright, restricted stock, and stock units are included in the ownership calculation. After five years from appointment or election, a director or executive officer is required to hold the net shares acquired upon the exercise of stock options or vesting of restricted stock and stock units, and refrain from selling any shares of Company common stock unless or until the ownership guideline is met. The Company's directors and executive officers are prohibited from entering into any pledge transactions.

#### **VI. MEETINGS OF INDEPENDENT DIRECTORS**

- a. The Company's independent directors will meet in executive session on a regular basis, but in any event at least once a year, in connection with the Board's regular meetings to discuss any matters they deem appropriate. The Lead Director (or the Board Chair, during such times that the Chair is an independent director) may call a special executive session of the independent

directors upon notice to the full Board. In addition, executive sessions or meetings will be held from time to time with the CEO for general discussion of relevant subjects.

- b. During such times as the Board's Chair is an independent director, the Chair will preside over meetings of independent directors; otherwise, the Lead Director will preside over the meetings. The Chair or Lead Director, as applicable, will report the results of the deliberations or any recommendation from the meeting to the full Board or, at the Chair's or Lead Director's discretion or at the request of the independent directors, to the CEO.

## **VII. FUNCTION OF COMMITTEES**

- a. It is the general policy of the Company that all major decisions be considered by the Board as a whole. Accordingly, the committee structure of the Board is limited to those committees considered to be necessary to support the Board's oversight and ultimate decision-making authority. Currently the standing committees are the Audit Committee, the Compensation Committee, and the Nominating Committee.
- b. The Audit Committee, the Compensation Committee, and the Nominating Committee must be composed solely of independent directors who also satisfy any additional independence standards of the New York Stock Exchange and applicable securities laws which are specific to the membership of those committees. The purpose and responsibilities of each of these committees are outlined in committee charters adopted by the Board. The Nominating Committee, in consultation with the Chair, the CEO and the Lead Director, will make recommendations to the full Board on committee membership and committee chairs.
- c. The committee chairs, in consultation with committee members and appropriate members of management, will determine the frequency, length and agenda of committee meetings. The meeting schedule will allow sufficient time to consider the agenda items. Committee materials will be delivered to members sufficiently in advance of a meeting to allow them time to prepare for the meeting.
- d. The committee chairs will report to the full Board regarding meetings and any significant actions taken.

## **VIII. CODE OF BUSINESS CONDUCT AND ETHICS**

- a. The Board believes that the Company should maintain and disclose in accordance with applicable New York Stock Exchange requirements a Code of Business Conduct and Ethics (the "*Code*") to focus on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and to foster a culture of honesty and accountability.
- b. The Code should apply to directors, officers, and employees and should cover the following topics: (i) conflicts of interest, (ii) corporate opportunities, (iii) confidentiality, (iv) fair dealing, (v) protection and proper use of Company assets, (vi) compliance with laws, rules and regulations, and (vii) such other matters as the Board deems appropriate. The Code should also encourage the prompt reporting of unethical or illegal behavior.
- c. Any waiver of the Code for executive officers or directors must be made by the full Board or a Board committee based on full information and promptly disclosed to shareholders in accordance with applicable securities laws and New York Stock Exchange listing standards.

- d. The Board believes the Company should not engage professional services from firms with which an independent director is affiliated.

## IX. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PERSONS

- a. The Board believes that certain Interested Transactions with Related Persons, as those terms are defined below, should be reviewed by the Nominating Committee unless the transaction is compensatory in nature, in which case the Compensation Committee will fulfil this function. If a director serving on the applicable committee is a Related Person in an Interested Transaction under consideration, that director will recuse himself or herself from the review and decision.
- b. A “*Related Person*” is: (i) a person who is or has served as an executive officer, director or director nominee of the Company at any time since the beginning of the last fiscal year; (ii) a shareholder beneficially owning in excess of 5% of any class of the Company’s voting securities; (iii) an immediate family member of any person described in clause (i) or (ii); or (iv) an entity in which any of the foregoing persons has, or will have, a direct or indirect material interest. An “immediate family member” is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any other person (other than a tenant or employee) sharing the household of the executive officer, director, director nominee, or more than 5% beneficial owner.
- c. An “*Interested Transaction*” is any existing or proposed transaction, arrangement or relationship, or series of similar existing or proposed transactions, involving an amount that exceeds or is expected to exceed \$120,000 in the aggregate, in which the Company or its subsidiaries was, is, or will be a participant and in which a Related Person had, has, or will have a direct or indirect material interest, and the transaction, arrangement or relationship is not specifically excluded from the disclosure requirements of Item 404(a) of Regulation S-K.
- d. The Company’s executive officers and directors are expected to notify the Company’s Corporate Secretary or Assistant Corporate Secretary of any current or proposed transaction that may be an Interested Transaction and disclose all material information regarding such transaction. The Corporate Secretary will determine if it is an Interested Transaction and, if so, will include it for consideration at the next meeting of the appropriate Committee.
- e. The appropriate committee shall conduct a reasonable prior review and oversight of all Interested Transactions for potential conflicts of interest and shall prohibit any such transaction if the Committee determines it to be inconsistent with the interests of the Company and its shareholders. If it becomes necessary to review an Interested Transaction between meetings, the Chair of the applicable committee is authorized to act on behalf of such committee. The Chair will provide a report on the matter to the full committee at its next meeting.
- f. The Nominating Committee has reviewed the Interested Transactions described below in “Standing Pre-Approval for Certain Interested Transactions” and determined that each of the Interested Transactions described below shall be deemed to be pre-approved by the Nominating Committee under the terms of these Corporate Governance Guidelines, unless specifically determined otherwise by the Nominating Committee or the Compensation Committee:

### **Standing Pre-Approval for Certain Interested Transactions**

- 1. *Employment of executive officers.* Any employment by the Company of an executive officer of the Company if:

- The related compensation is required to be reported in the Company’s proxy statement under Item 402 of the Securities and Exchange Commission’s (“SEC’s”) compensation disclosure requirements (generally applicable to “named executive officers”); or
  - The compensation is paid to an executive officer who is not required to be named in the Summary Compensation Table if the Compensation Committee has approved the compensation arrangement.
2. *Director Compensation.* Any compensation paid to a director if the compensation is required to be reported in the Company’s proxy statement under Item 402(k) of the SEC’s compensation disclosure requirements and is approved by the Board of Directors.
  3. *Approved Contracts.* Transactions in fulfillment of contractual obligations where the contract or arrangement was previously approved by the Board or a committee of the Board.
  4. *Certain transactions with other companies.* Any transaction with another company at which a Related Person’s only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company’s shares, if the aggregate amount involved over any 12-month period does not exceed the greater of \$1,000,000, or 2% of that company’s total annual revenues.
  5. *Certain Company charitable contributions.* Any charitable contribution, grant, or endowment by the Company to a charitable organization, foundation or university at which a Related Person’s only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2% of the charitable organization’s total annual receipts.
  6. *Generally Available Terms.* Transactions available to all employees generally and conducted on similar terms.
  7. *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person’s interest arises solely from the ownership of the Company’s common stock and all holders of the Company’s common stock received the same benefit on a *pro rata* basis (e.g. dividends).
  8. *Transactions involving competitive bids.* Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
  9. *Regulated Transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
  10. *Certain bank-related services.* Any transactions with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.
  11. *Ordinary Employee Arrangements.* Employee compensatory arrangements, other than executive officers, established in the ordinary course of business.
- g. No approval or ratification of an Interested Transaction will be deemed to satisfy or supersede the requirements of the Company’s Code of Business Conduct & Ethics, Financial Code of Ethics, Business Policies Manual, Articles of Incorporation or Bylaws.

**X. PERIODIC REVIEW AND EVALUATION**

- a. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. This evaluation will focus on the performance of the Board as a whole, concentrating on areas where performance might be improved. The Nominating Committee will assist the Board in conducting the evaluation.
- b. The Board and/or the Nominating Committee will review these Corporate Governance Guidelines from time to time. Any amendment or modification to these Guidelines must be approved by the full Board.

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