

HNI CORP
Form DEF 14A
March 22, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

HNI CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)Date Filed:

HNI CORPORATION
600 EAST SECOND STREET
MUSCATINE, IOWA 52761
563-272-7400

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2019 Annual Meeting of Shareholders of HNI Corporation will be held at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa, on Tuesday, May 7, 2019, beginning at 10:30 a.m. (Central Daylight Time), for the purposes of:

1. Electing the four Directors named in the accompanying proxy statement;
2. Ratifying the Audit Committee's selection of KPMG LLP as the Corporation's independent registered public accountant for the fiscal year ending December 28, 2019;
3. Holding an advisory vote to approve named executive officer compensation; and
4. Transacting any other business properly brought before the meeting or any adjournment or postponement.

The holders of record of HNI Corporation common stock, par value \$1.00 per share, as of the close of business on March 8, 2019, are entitled to vote at the meeting.

You are encouraged to attend the meeting.

By Order of the Board of Directors,
Steven M. Bradford
Senior Vice President, General Counsel and Secretary
March 22, 2019

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOUR VOTE IS IMPORTANT AND WE ENCOURAGE YOU TO VOTE PROMPTLY. OUR PROXY MATERIALS ARE AVAILABLE AT [HTTP://INVESTORS.HNICORP.COM/DOCS](http://investors.hnicorp.com/docs). PLEASE REFER TO YOUR PROXY CARD OR NOTICE REGARDING HOW TO VOTE YOUR SHARES.

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	<u>1</u>
<u>PROPOSAL NO. 1 - ELECTION OF DIRECTORS</u>	<u>4</u>
<u>Director Nominations</u>	<u>4</u>
<u>Incumbent Directors</u>	<u>5</u>
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	<u>7</u>
<u>DIRECTOR COMPENSATION</u>	<u>10</u>
<u>POLICY FOR REVIEW OF RELATED PERSON TRANSACTIONS</u>	<u>11</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	<u>12</u>
<u>CODE OF BUSINESS CONDUCT AND ETHICS</u>	<u>12</u>
<u>ANTI-HEDGING POLICY</u>	<u>12</u>
<u>CORPORATE GOVERNANCE GUIDELINES</u>	<u>12</u>
<u>PROPOSAL NO. 2 - RATIFICATION OF AUDIT COMMITTEE'S SELECTION OF KPMG LLP AS THE CORPORATION'S INDEPENDENT REGISTERED PUBLIC ACCOUNTANT FOR FISCAL 2019</u>	<u>13</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>13</u>
<u>FEES INCURRED FOR KPMG LLP</u>	<u>14</u>
<u>EXECUTIVE COMPENSATION</u>	<u>15</u>
<u>Compensation Discussion and Analysis</u>	<u>15</u>
<u>Compensation Committee Report</u>	<u>27</u>
<u>Summary Compensation Table</u>	<u>28</u>
<u>Grants of Plan-Based Awards</u>	<u>30</u>
<u>Outstanding Equity Awards at Year End</u>	<u>31</u>
<u>Option Exercises and Stock Vested</u>	<u>32</u>
<u>Nonqualified Deferred Compensation</u>	<u>32</u>
<u>Compensation Ratio</u>	<u>33</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>34</u>
<u>PROPOSAL NO. 3 - ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u>	<u>38</u>
<u>SECURITY OWNERSHIP</u>	<u>38</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>40</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>40</u>
<u>DEADLINE FOR SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING</u>	<u>40</u>
<u>OTHER MATTERS</u>	<u>40</u>

HNI Corporation
600 East Second Street
Muscatine, Iowa 52761

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 7, 2019

This Proxy Statement and the accompanying proxy, which we are making available to shareholders on or about March 22, 2019, are in connection with the solicitation of proxies by the Corporation's Board of Directors (the "Board" or "Directors") for the 2019 annual meeting of shareholders and any adjournment or postponement of the meeting (the "Meeting"). The Meeting will be held on Tuesday, May 7, 2019, beginning at 10:30 a.m., Central Daylight Time, at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa.

GENERAL INFORMATION

Who can attend and vote at the Meeting?

Shareholders of record as of the close of business on March 8, 2019 (the "Record Date") are entitled to attend and vote at the Meeting. Each share of the Corporation's common stock, par value \$1.00 per share ("Common Stock"), is entitled to one vote on each matter to be voted on at the Meeting and can be voted only if the shareholder of record is present to vote or is represented by proxy.

What constitutes a quorum at the Meeting?

The presence at the Meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of Common Stock ("Outstanding Shares") on the Record Date will constitute a quorum. On the Record Date, there were 43,562,022 Outstanding Shares. To determine whether a quorum exists, proxies received but marked "abstain" and so-called "broker non-votes" (described on the following page) will be counted as present.

What will I be voting on?

Election of each of the four nominees for Director named on page 4 of this Proxy Statement under "Proposal No. 1 – Election of Directors."

- Ratification of the Audit Committee's selection of KPMG LLP as the Corporation's independent registered public accountant for the fiscal year ending December 28, 2019 ("Fiscal 2019"), as described on page 13 of this Proxy Statement under "Proposal No. 2 – Ratification of Audit Committee's Selection of KPMG LLP as the Corporation's Independent Registered Public Accountant for Fiscal 2019."

Adoption of an advisory resolution approving the compensation of the Corporation's named executive officers as described on page 38 of this Proxy Statement under "Proposal No. 3 – Advisory Vote to Approve Named Executive Officer Compensation."

Why am I receiving my proxy materials electronically instead of receiving paper copies through the mail?

In accordance with SEC rules, instead of mailing a printed copy of our proxy materials to all of our shareholders, we have elected to furnish proxy materials to shareholders via the Internet. This supports our on-going commitment to sustainability by reducing costs associated with mailing proxy materials.

Edgar Filing: HNI CORP - Form DEF 14A

On or about March 22, 2019, we mailed to our shareholders of record (other than those who previously requested electronic delivery) a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access the proxy materials online and how to vote your shares after you have viewed our proxy materials. The Notice also contains instructions on how to request to receive a set of the proxy materials for the Meeting by mail or electronically by email, in either case free of charge, and how to request future proxy materials be sent by mail or electronically by email. If you received the Notice, you will not receive a printed copy of the proxy materials unless you request one by following the instructions on the Notice.

How do I vote?

You can either vote in person at the Meeting or by "proxy" (one of the individuals named on your proxy card will vote your shares as you have directed). We urge you to vote by "proxy" even if you plan to attend the Meeting so we will know as soon as possible whether a quorum exists for us to hold the Meeting.

You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may vote by signing, dating and mailing the proxy card in the envelope provided. Instructions regarding these three methods of voting are contained in the Notice and the proxy card. The telephone and Internet voting facilities for shareholders will close at 11:59 p.m. Eastern Daylight Time on May 6, 2019. If you vote by mail, it must be received by May 6, 2019.

If you hold shares through the Corporation's retirement plan, your vote must be received by 11:59 p.m. Eastern Daylight Time on May 2, 2019.

If your shares of Common Stock are held for you as the beneficial owner through a broker, trustee or other nominee (such as a bank) in "street name," rather than held directly in your name, please refer to the information provided by your bank, broker or other holder of record to determine the options available to you. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Meeting unless you obtain a legal proxy from the broker, trustee or other nominee holding your shares, giving you the right to vote the shares at the Meeting.

If you sign, date and return the proxy card but do not specify how your shares are to be voted, then your proxy will vote your shares "FOR" all proposals, "FOR" election of each nominee for Director, and in your proxy's discretion as to any other business which may properly come before the Meeting.

What discretion does my broker, trustee or other nominee have to vote my shares of Common Stock held in "street name"?

A broker, trustee or other nominee holding your shares of Common Stock in "street name" must vote those shares according to specific instructions it receives from you. New York Stock Exchange ("NYSE") rules determine the proposals on which brokers may not vote without specific instructions from you ("Non-Routine Proposals"). Your shares will not be voted on any Non-Routine Proposal if you do not provide voting instructions, giving rise to what is called a "broker non-vote." Shares represented by broker non-votes will be counted as present for purposes of determining a quorum.

It is important, if you hold shares in "street name," that you provide specific voting instructions to your broker, trustee or other nominee or your shares will not be voted with respect to Proposal Nos. 1 and 3 because they are Non-Routine Proposals for which your broker, trustee or other nominee may not vote your shares in its discretion.

Can I change or revoke my vote or revoke my proxy?

Yes. You may change your vote at any time before the proxy is voted at the Meeting. For shareholders of record, if you voted your proxy card by mail, you may revoke your proxy at any time before it is voted by executing and delivering a timely and valid later-dated proxy, by voting by ballot at the Meeting or by giving written notice to HNI's Corporate Secretary. If you voted via the Internet or by telephone you may also change your vote with a timely and valid later-dated Internet or telephone vote, as the case may be, or by voting by ballot at the Meeting. Attendance at the Meeting will not revoke a proxy unless (a) you give proper written notice of revocation to the Secretary before the proxy is exercised or (b) you vote by ballot at the Meeting. Once voting is completed at the Meeting, you will not be able to revoke your proxy or change your vote.

If your shares are held in "street name," you must follow the specific voting directions provided to you by your broker, trustee or other nominee to change or revoke any instructions you have already provided.

How do I vote my shares in the Corporation's retirement plan?

If you participate in the Corporation's retirement plan, the proxy card you receive will include Common Stock allocated to your account. Properly completed and signed proxy cards, including telephone and Internet voting, will serve to instruct the plan trustee on how to vote any shares allocated to your account and a portion of all shares as to which no instructions have been received (the "undirected shares") from plan participants. The proportion of the undirected shares to which your instructions will apply will be equal to the proportion of the shares to which the trustee receives instructions represented by your shares.

How is the Corporation soliciting proxies?

The Corporation bears the cost of preparing, assembling and mailing the proxy materials related to the solicitation of proxies by and on behalf of the Board. In addition to the use of the mail, certain of the Corporation's officers may, without additional compensation, solicit proxies in person, by telephone or through other means of communication. The Corporation will bear the cost of this solicitation.

How will my vote get counted?

Broadridge Financial Solutions ("Broadridge") will use an automated system to tabulate the votes and will serve as the Inspector of Election.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations identifying individual shareholders are handled in a manner to protect your voting privacy. Your vote will not be disclosed either within the Corporation or to third parties, except:

- as necessary to meet applicable legal requirements;
- to allow for the tabulation of votes and certification of the vote; and
- to facilitate a successful proxy solicitation.

Occasionally, shareholders provide written comments on their proxy cards, which may be forwarded to the Corporation's management.

How do I get to the Meeting location?

The Meeting will be held at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa. If driving to the Meeting from Quad City International Airport, from the main exit traffic light go straight onto I-74 to I-280, turn right (cloverleaf) onto I-280 West, drive approximately 11 miles crossing the Baker Bridge, take the second exit in Iowa (Exit 6 - Muscatine), at the traffic light turn left (west) onto Highway 61 South, continue approximately 22 miles to Muscatine, continue on Highway 61 bypass, turn left (south) at the traffic light onto Park Avenue, veer right at the stop sign at the five-way stop onto Second Street, HNI Corporate Headquarters is approximately one mile on the left. If driving to the Meeting on I-80, take Exit 271 (Highway 38 South), drive approximately 12 miles, proceed through the major intersection of Highway 38 and Highway 61, continue on Park Avenue, veer right at the stop sign at the five-way stop onto Second Street, HNI Corporate Headquarters is approximately one mile on the left.

What is "Householding" of Proxy Materials?

As permitted by applicable law, we may deliver only one copy of certain of our documents, including the Notice of Internet Availability of Proxy Materials, Proxy Statement or Annual Report to shareholders residing at the same address, unless the shareholders have notified us of their desire to receive multiple copies. This process, which is commonly referred to as "householding," is intended to provide extra convenience for shareholders and cost savings for the Corporation. If you wish to opt-out of householding and continue to receive multiple copies of the proxy materials at the same address, you may do so at any time prior to thirty days before the mailing of the Notice of Internet Availability of Proxy Materials or the proxy materials themselves, which are typically mailed in March of each year, by notifying Broadridge in writing at: Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or by calling Broadridge at 1-866-540-7095. If you share an address with another shareholder and currently are receiving multiple copies of the proxy materials, you may request householding by notifying Broadridge at the same address.

Where can I find the voting results of the Meeting?

The Corporation intends to announce preliminary voting results at the Meeting and will publish final results in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the Meeting and available on the Corporation's website.

3

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The Board currently consists of ten Directors. Nine of the ten Directors are independent Directors as further discussed on page 7 of this Proxy Statement under "Corporate Governance and Board Matters – Director Independence." Jeffrey D. Lorenger, President and Chief Executive Officer ("CEO") of the Corporation, is the only Director employed by the Corporation and is not independent under the NYSE listing standards or the Corporation's categorical independence standards (the "Categorical Standards").

The Board is divided into three classes. Generally, one class is elected each year for a term of three years. The terms of the four nominees, all of whom are current Directors, expire in 2019. The Board has nominated three Director candidates, Jeffrey D. Lorenger, Larry B. Porcellato and Abbie J. Smith, each to serve a three-year term expiring at the Corporation's 2022 annual meeting of shareholders. In order to balance the number of Directors in each class as required by the Corporation's By-laws (the "By-laws") and Iowa law, the Board has nominated one Director, Mary K.W. Jones, to serve a two-year term expiring at the Corporation's 2021 annual meeting of shareholders.

Director Nominations

The Board has adopted guidelines for identifying and evaluating candidates for Director. Under those guidelines, the Corporation's Public Policy and Corporate Governance Committee (the "Governance Committee") takes into account a number of factors when identifying potential nominees, including: possession of desired skills and abilities identified by the Governance Committee; ability to communicate ideas and contribute to Board deliberations; independence from management; diversity of perspectives derived from experiences, attributes and backgrounds; judgment, integrity and reputation; existing commitments to other businesses; potential conflicts of interest with other pursuits; and legal constraints. The Governance Committee reviews these factors and others considered useful by the Governance Committee in the context of an assessment of the perceived needs of the Board from time to time. The Governance Committee may use a variety of means to identify potential nominees, including recommendations from the Chairman, Directors or others associated with the Corporation. The Governance Committee may retain third-party search firms to identify potential nominees based on the Corporation's established criteria for director candidates discussed above. The Governance Committee screens potential candidates and recommends suitable candidates to the Board for nomination.

The Corporation does not have minimum qualifications for Directors; however, Directors should possess the highest personal and professional integrity and ethics and be willing and able to devote the required time to the Corporation. The Board believes it should be comprised of Directors with varied and complementary backgrounds, which together build the overall strength of the Board.

Shareholders wishing to recommend a candidate for nomination by the Corporation as a Director for inclusion in the Corporation's proxy statement for the 2020 annual meeting of shareholders should write to the Corporation's Corporate Secretary before November 23, 2019, and include the information required by Section 2.16(a)(2) of the By-laws. The Governance Committee will consider candidates for Director recommended by shareholders by applying the criteria for candidates described above and considering additional information required by the By-laws.

Nominees for Election

The Board is nominating for election Jeffrey D. Lorenger, Larry B. Porcellato and Abbie J. Smith, each for a term of three years, and Mary K.W. Jones for a term of two years (collectively, the "Nominees"). The Nominees elected as Directors at the Meeting will hold office for the indicated term or until their respective successors are elected and qualified, subject to their prior death, resignation or removal.

Mses. Jones and Smith and Mr. Porcellato were most recently elected as Directors at the Corporation's 2016 annual meeting of shareholders and Mr. Lorenger was elected as a Director on April 19, 2018. Below is biographical information as well as the particular experience, qualifications, attributes and/or skills of each Nominee which led the Board to conclude the Nominee should serve as a Director. In addition, each Nominee must possess the highest personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. The Board has determined each Nominee possesses these qualities.

Mary K.W. Jones, age 50, has been a Director of the Corporation since February 2016. Since 2013, Ms. Jones has been Senior Vice President and General Counsel of Deere & Company (Deere), a world-leading provider of advanced products and services for agriculture, construction, forestry and turf care. From 2010 through 2012, she served as Deere's Vice President, Global Human Resources. Ms. Jones brings to the Board significant risk management, corporate governance and general legal expertise, derived

largely from her role leading the Deere compliance and legal functions. In addition, she brings to the Board significant expertise in the areas of talent strategy, executive succession planning and compensation, derived from her former role as Deere's Vice President, Global Human Resources.

Jeffrey D. Lorenger, age 54, has been a Director since April 2018. Mr. Lorenger is also President of HNI Corporation, since April 2018, and Chief Executive Officer, since June 2018. Mr. Lorenger has worked for the Corporation for over 20 years and has held multiple executive level positions including most recently serving as President, Office Furniture, from June 2017 to April 2018; President, Contract Furniture, from 2014 to June 2017; and President, Allsteel from 2008 to 2014. Mr. Lorenger has also held positions as Vice President, Sales and Marketing, The HON Company; and Vice President, General Counsel and Secretary for HNI Corporation.

Larry B. Porcellato, age 60, has been a Director of the Corporation since 2004 and Chairman since January 1, 2019. He served as Lead Director from May 2017 to December 2018. From 2009 to 2014, Mr. Porcellato was the Chief Executive Officer of The Homax Group, Inc., a leading specialty application consumer products supplier to the home care and repair markets. Previously, from 2007 to 2008, he was an independent business consultant and, from 2002 to 2007, he was the Chief Executive Officer of ICI Paints North America. Mr. Porcellato is a director of OMNOVA Solutions, Inc. an innovator of emulsion polymers, specialty chemicals and decorative and functional surfaces, and former director of PSAV Holding LLC, an international, full-service technology in-house audiovisual provider from 2014 to 2018. Mr. Porcellato brings to the Board chief executive officer experience in the building products industry through his former leadership of Homax and his former role as Chief Executive Officer of ICI Paints and financial expertise derived primarily from his past service on the audit committee of another public company and previous finance and division leadership roles at other public companies. He also brings to the Board international and marketing expertise derived primarily from his service in various international and marketing roles at Rubbermaid Incorporated and Braun Canada Inc. and corporate governance experience through his service on the compensation and governance committees of another public company.

Abbie J. Smith, age 65, has been a Director of the Corporation since 2000 and served as Lead Director from May 2014 to May 2017. Ms. Smith is the Boris and Irene Stern Distinguished Service Professor of Accounting, and since 1999 has been a Chaired Professor of The University of Chicago Booth School of Business, a national leader in higher education and research. She is a director of Dimensional Funds (DFA Investment Dimensions Group Inc., Dimensional Investment Group Inc., DFA Investment Trust Co., and Dimensional Emerging Markets Value Fund) and Ryder System, Inc., a commercial transportation, logistics and supply chain management solutions company. Ms. Smith is also a trustee of The UBS Funds (Chicago), UBS Relationship Funds, and UBS SMA Relationship Trust. Ms. Smith brings to the Board considerable financial and corporate governance expertise based primarily on her extensive research and teaching at The University of Chicago and her service on mutual fund complex and other public company audit, performance, finance and nominating committees. Ms. Smith currently serves on the Corporation's Audit Committee, and qualifies as an "audit committee financial expert".

The Corporation believes all Nominees listed above will be available to serve if elected. However, if any one of them becomes unavailable, the persons named as proxies have discretionary authority to vote for a substitute chosen by the Board. Any vacancies not filled at the Meeting may be filled by the Board.

Required Vote

Election of the Nominees as Directors requires the affirmative vote of the holders of a majority of the Outstanding Shares voted at the Meeting. Abstentions and broker non-votes will not be counted as votes cast either "for" or "against" a Nominee's election.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES AS DIRECTORS.

Incumbent Directors

Below is biographical information about each incumbent Director as well as their particular experience, qualifications, attributes and/or skills which led the Board to conclude the Director should serve as a Director. In addition, each Director must possess the

5

highest personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. The Board has determined each Director possesses these qualities.

Messrs. Calado, Hartnett and Stern and Ms. Francis comprise a class of Directors whose terms will expire at the Corporation's 2020 annual shareholders meeting.

Miguel M. Calado, age 63, has been a Director of the Corporation since 2004. Mr. Calado has been Chairman and President of the WY Group and an employee of WY Group (USA) Inc. since April 2017. From 2014 to April 2017, Mr. Calado was Vice President, Corporate Development and President of the iMax Diagnostic Imaging Business Unit of Hovione SA, an international fine chemicals company. From 2006 to 2014, he was the Vice President and Chief Financial Officer of Hovione. He has been President of GAMCAL, LLC, an investment company, since 2006. Mr. Calado brings to the Board extensive international, general management, manufacturing and financial expertise derived primarily from his previous service as Chief Financial Officer of an international manufacturing company and prior service in various roles at several large, packaged and consumer goods public companies. These roles and companies include Executive Vice President and President, International for Dean Foods Company and several international finance roles for PepsiCo, Inc., including Senior Vice President, Finance and Chief Financial Officer, PepsiCo Foods International. Although Mr. Calado does not serve on the Corporation's Audit Committee, he qualifies as an "audit committee financial expert."

Cheryl A. Francis, age 65, has been a Director of the Corporation since 1999. Ms. Francis has been an independent business and financial advisor since 2000 and the Co-Chairman of the Corporate Leadership Center, a not-for-profit organization focused on developing tomorrow's business leaders, since 2008. Previously, from 2002 to 2008, she was the Vice Chairman of the Corporate Leadership Center. Ms. Francis is a director of Aon plc, a leading global professional services firm providing a broad range of risk, retirement and health solutions, and Morningstar, Inc., a leading provider of independent investment research in North America, Europe, Australia and Asia. Ms. Francis brings to the Board significant financial expertise based primarily on her prior role as Chief Financial Officer of R.R. Donnelley & Sons Company and service on the audit and finance committees of other public companies. She also brings to the Board corporate governance experience through her service on the compensation and governance committees of other public companies, and executive leadership development experience based on Corporate Leadership Center work with CEOs, leading academic institutions and corporate executives. She currently serves as the Chairperson on the Corporation's Audit Committee and qualifies as an "audit committee financial expert."

John R. Hartnett, age 58, has been a Director of the Corporation since August 2016. Mr. Hartnett is an Executive Vice President at Illinois Tool Works Inc. (ITW), a Fortune 200 global multi-industrial manufacturing leader with seven industry-leading business segments. Mr. Hartnett has been with ITW for 37 years and currently heads its Welding segment. He has extensive engineering, marketing, manufacturing and management experience from his numerous business roles at ITW including his most recent role as head of ITW's Construction Products segment.

Brian E. Stern, age 71, has been a Director of the Corporation since 1998. Mr. Stern has been a director of Starboard Capital Partners, LLC, since 2007. He is a director and investor in Blackrock Microsystems LLC (Utah). Previously, from 2004 to 2007, Mr. Stern was the Senior Vice President, Xerox, Fuji Xerox Operations of Xerox Corporation, a developer, marketer, manufacturer, financier and servicer of document processing products and services. Mr. Stern brings to the Board significant knowledge of the office products and office supplies industry and expertise in product development, sales and marketing. He also has substantial experience in international operations, manufacturing, channels of distribution and general management.

Ms. Bell and Mr. Waters comprise a class of Directors whose terms will expire at the Corporation's 2021 annual shareholders meeting.

Mary A. Bell, age 58, has been a Director of the Corporation since 2006. Ms. Bell has been a director of Husco International Inc. since November 2015. Prior to her retirement in July 2015, Ms. Bell was a Vice President of Caterpillar, the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. From 2004 to 2007, she was the Vice President of Caterpillar's Logistics Division and served as Chairman and President of Cat Logistics Services, Inc., formerly a wholly owned subsidiary of Caterpillar. Ms. Bell brings to the Board considerable logistics, manufacturing and dealer channel expertise and general management experience derived primarily from her service in various roles at Caterpillar.

Ronald V. Waters, III, age 67, has been a Director of the Corporation since 2002. Mr. Waters has been an independent business consultant since 2010. Previously, from 2009 to 2010, he was a Director and the President and Chief Executive Officer of LoJack Corporation, and from 2007 to 2008, he was a Director and the President and Chief Operating Officer of LoJack. He is a director

of Fortune Brands Home & Security, Inc., an industry-leading home and security products company, and Paylocity Corporation, a leading software provider of cloud-based payroll and human capital management software. From 2012 to January 2015, Mr. Waters was a director of Chiquita Brands International, Inc. Mr. Waters brings to the Board chief executive officer experience through his former role as Chief Executive Officer of LoJack and significant finance expertise derived primarily from his service on the audit committee of two other public companies and previous roles as Chief Operating Officer at two public companies, Chief Financial Officer at Wm. Wrigley Jr. Company, Controller at The Gillette Company and partner of a large public accounting firm. He has extensive outside audit experience, and although Mr. Waters does not currently serve on the Corporation's Audit Committee, he qualifies as an "audit committee financial expert." Mr. Waters also brings to the Board international, law and information technology expertise derived primarily from his service in various roles at several large public companies.

CORPORATE GOVERNANCE AND BOARD MATTERS

Director Independence

In addition to complying with NYSE listing standards and applicable SEC rules pertaining to director independence, the Corporation adopted the Categorical Standards, which are attached as Exhibit A to the Governance Guidelines and available on the Corporation's website at www.hnicorp.com, under "Investors - Corporate Governance - Governance Guidelines."

Under the Governance Guidelines, at least three-fourths of the Directors must meet the NYSE listing standards pertaining to director independence and the Categorical Standards. The Board has determined each Director, including each Nominee, other than Mr. Lorenger, has no material relationship with the Corporation (either directly or as a partner, shareholder or executive officer of an organization having a relationship with the Corporation) and is independent under the NYSE listing standards and the Categorical Standards, including any heightened independence standards applicable to a Director's service on the Corporation's Audit Committee, Human Resources and Compensation Committee (the "Compensation Committee") or Governance Committee.

Mr. Lorenger, the Corporation's President and CEO, does not meet these independence standards because he is employed by the Corporation.

Processes and Procedures for the Consideration and Determination of Executive Compensation by Compensation Committee

The Compensation Committee is responsible for developing and implementing the Corporation's compensation policies and programs for the CEO and other senior executives as further discussed in the Compensation Discussion and Analysis (the "CD&A") which begins on page 15 of this Proxy Statement.

Board Leadership Structure

The Board recognizes one of its key responsibilities is to evaluate and determine the optimal Board leadership structure. While the Chairman position has traditionally been held by the Corporation's CEO, the Board believed it to be in the best interest of the Corporation to separate the roles upon Mr. Stan Askren's retirement as Chairman at the end of 2018, to allow his successor, Mr. Jeffrey Lorenger, to focus as CEO on his new role managing the Corporation's business and operations. Mr. Larry Porcellato was appointed Chairman of the Board and the position of Lead Director was suspended.

The Corporation has strong governance structures and processes in place to ensure the independence of the Board, eliminate conflicts of interest and prevent dominance of the Board by management. All Directors, with the exception of Mr. Lorenger, are independent as defined under NYSE listing standards, applicable SEC rules and the Categorical

Standards, and all committees of the Board are comprised entirely of independent Directors. In addition, the Board and the Governance Committee have assembled a Board comprised of strong and sophisticated Directors who are currently or have recently been leaders of major companies or institutions, are independent thinkers and have a wide range of expertise and skills.

The Board regularly meets in executive session without the presence of management and the independent Directors meet at least quarterly without the presence of management or the CEO. The Chairman presides at these meetings and provides the Board's guidance and feedback to the Corporation's CEO and management team. Further, the Board has regular and complete access to the Corporation's management team. At each Board and committee meeting, Directors receive information and insight from management on matters impacting the Corporation.

Board's Role in Risk Oversight

The Board administers its risk oversight role primarily through its committee structure and the committees' regular reports to the Board at each quarterly Board meeting. The Audit Committee meets frequently during the year and discusses with management, the Corporation's Vice President, Internal Audit, and the Corporation's independent registered public accountant:

- current business trends affecting the Corporation;
- major risks facing the Corporation;

-