

# **KIMBALL ELECTRONICS, INC.**

## **CORPORATE GOVERNANCE PRINCIPLES**

### **PHILOSOPHY**

As reflected in our Vision and Guiding Principles, Kimball Electronics, Inc. (the “**Company**” or “**Kimball**”) is committed to the highest standards of ethical conduct in its business dealings. Kimball believes that the Company, through its Board of Directors (“**Board**”), Executive Management, and Employees, should reflect these Guiding Principles in the structure of the governance of the Company. We are aligned, engaged, and operating in an environment of mutual trust and respect. Ethics are the foundation of the Corporate Governance Principles which follow:

### **ROLE OF THE BOARD OF DIRECTORS**

The Board will protect the best interests of the Company’s Share Owners through oversight of its business by providing advice and consent for certain major decisions, and by overseeing and monitoring management’s performance. The Board helps align our corporate culture with the values expressed in our Vision and Guiding Principles and provides advice and counsel to management on significant cultural challenges facing the Company. The Chief Executive Officer (CEO) reports to the Board, and the Board delegates to the CEO, and through that person to other members of senior management, the authority and responsibility for managing the Company’s business.

### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

Among the Board’s core responsibilities are to:

- Select and Evaluate the Board. Select individuals for Board membership and evaluate the performance of the Board, Board committees and individual directors.
- Select and Evaluate Senior Management. Select, monitor performance, and compensate the CEO and monitor the same for senior management. The Board will do this directly or as appropriately delegated to the Talent, Culture, and Compensation Committee.
- Executive Compensation Plans. Monitor the executive compensation plan design, annual plan formulation, assumptions, results and exceptions. The

Board will do this directly or as appropriately delegated to the Talent, Culture, and Compensation Committee.

- Monitor Management Succession Planning. Assure the management succession planning is adequate and current.
- Oversee Corporate Planning. Review and approve all significant Company plans, including, but not limited to:
  - Strategic Plans. Strategic sales and operational plans.
  - Financial Plans. Financial projections and rolling forecasts.
- Monitor Results. Monitor Company performance and evaluate results compared to the strategic and financial plans and/or other long-range goals.
- Oversee Financial Systems.
  - Controls. Review and approve the Company's financial controls and reporting systems.
  - Statements. Review and approve the Company's financial statements and financial reporting.
  - Delegations of Authority. Establish and maintain guidelines, procedures, and requirements for delegations of authority to management.
- Oversee Sustainability/ESG Issues.
  - Directly and as appropriately delegated to the Nominating and ESG Committee, shape effective corporate governance and oversee matters related to climate, sustainability and environmental, social and governance (ESG) issues (including climate change and environmental sustainability policies, programs, goals, and progress)
  - Directly and as appropriately delegated to the Nominating and ESG Committee, shape and oversee targets, standards, and other metrics used to measure and track ESG performance and progress.
- Oversee the Company's Talent and Culture.
  - Directly and as appropriately delegated to the Talent, Culture, and Compensation Committee, oversee the Company's strategies, policies, and key metrics related to its talent, including matters such as pay equity, diversity, inclusion, belonging, retention, leadership succession, culture, and the alignment with and advancement of the Company's Guiding Principles.
  - Directly and as appropriately delegated to the Talent, Culture, and Compensation Committee, review and advise management regarding the Company's programs to attract, retain, and develop

leaders, with a focus on the Company's Guiding Principles and its commitment to diversity, equity, inclusion, and belonging.

- Monitor Ethical Compliance. Review and approve the Company's ethical standards and legal compliance programs and procedures.
- Oversee Risk Management. Monitor the Company's management of enterprise risk, including review of geographical risks of operation locations.
- Oversee Relations with Constituents. Monitor relations with Share Owners, employees, suppliers, customers, and the communities in which the Company operates.

## **BOARD COMPOSITION**

### **A. Board Leadership Structure**

The Board believes that we best serve our Share Owners if the Board retains flexibility to decide what leadership structure works best for us in our current circumstances. Currently, the Board combines the roles of Chairman of the Board and Chief Executive Officer and, accordingly, maintains a separate position of Lead Independent Director. Our CEO has primary responsibility for our day-to-day leadership and strategic direction, and our Lead Independent Director facilitates oversight of management, promotes communication among management and between management and the Board, presides over meetings of the independent directors, and helps to set and maintain Board culture.

### **B. Lead Independent Director**

If the Chairman and CEO roles are unified, the Board appoints a Lead Independent Director from among its ranks who will foster open communications among the Board, collect input from the independent directors for sharing with the CEO, preside over meetings in the Chairman's absence and generally liaise with the Chairman on behalf of the Board.

### **C. Size of Board**

The Company's Amended and Restated By-laws require that the Board consist of no less than 3 and no more than 10 members. The Board fixes the exact number of directors from time to time by resolution.

### **D. Director Independence**

The exercise of independent judgment by the directors is critical to effective corporate governance. The Board shall consist of a substantial majority of independent directors. An “independent” director is one who meets the definitions of independence specified in governing laws and regulations, and the listing standards of any applicable national securities exchange, as well as an evaluation by the Board of any circumstances that may affect a director’s ability to exercise independent judgment. Each independent director who experiences a change in circumstances that could affect such director’s independence should deliver a notice of such change to the Company’s Corporate Secretary.

#### **E. Board Membership Criteria**

The rapidly changing business conditions and markets in which the Company operates require a high-performance and committed Board. Expectations of our Board members include:

- Personal integrity.
- Commitment to the Company’s Mission, Vision, and Guiding Principles.
- Practical judgment.
- Broad and complementary experience and expertise in areas relevant to the Company’s business such that the members can bring a diverse set of skills and backgrounds to bear on the complicated issues which come before it.
- Prepare for, attend, and participate in all Board and applicable committee meetings.
- Commitment to serve over a period sufficient to understand the Company’s history, markets, and business operations.
- Willingness to think independently and present reasoned points of view.

#### **F. Shareholder Board Member Recommendations**

The Nominating and ESG Committee will consider candidates recommended by Share Owners. A Share Owner who wishes to recommend a director candidate for consideration by the Committee should send such recommendation to the Secretary of the Company at 1205 Kimball Blvd., Jasper, IN 47546, who will forward it to the Committee. Any such recommendation should include a description of the candidate’s qualifications for Board service; the candidate’s written consent to be considered for nomination and to serve if nominated and elected; proof of the recommending Share Owner’s stock ownership; and addresses and

telephone numbers for contacting the Share Owner and the candidate for more information. A Share Owner who wishes to nominate an individual as a director candidate at the annual meeting of Share Owners, rather than recommend the individual to the Committee as a nominee, must comply with the advance notice requirements provided in the Company's By-laws.

#### **G. Conflicts of Interest**

The Board expects all directors to act ethically at all times and to adhere to the Company's Code of Conduct. Directors shall avoid any situation that may give rise to a conflict of interest or the appearance of a conflict of interest. If an actual or potential conflict of interest (or a situation reasonably likely to appear to pose such a conflict) arises for a director, the director shall promptly inform the Corporate Secretary. If a significant conflict exists and cannot be resolved through recusal or other means, the director should offer to resign. All directors will recuse themselves from any discussion or decision affecting their business activities, that of their affiliates, or any personal interests. Directors should notify the Chair, the Company's Secretary and the chair of the Nominating and ESG Committee (or the Lead Independent Director if the chair of the Nominating and ESG Committee is providing notice) in advance of accepting an invitation to serve on the board or committee of another company, whether public or private.

#### **H. Director Resignation**

Any non-employee Director who changes his or her principal occupation or employment, or retires, shall offer his or her resignation to the Chair of the Nominating and ESG Committee. The Committee, in consultation with the CEO and the Lead Independent Director or Chair of the Board, shall recommend to the full Board whether to accept or decline the offered resignation.

#### **I. Board Refreshment**

The Company's Amended and Restated By-laws provide that no Board member may serve more than four consecutive three-year terms or stand for re-election after reaching seventy-two (72) years of age.

## **J. Director Compensation**

Only non-employee directors shall receive compensation for serving on the Board. Non-employee directors receive an annual retainer and equity award. Committee chairs, members, and the Independent Chair or Lead Director receive an additional retainer. The Talent, Culture, and Compensation Committee shall review the form and amount of non-employee director compensation and the policies and principles upon which such compensation is determined at least annually. The Committee shall make recommendations to the Board with respect to any changes.

## **BOARD OPERATION**

### **A. Scheduling Meetings**

The Board schedules its meetings in advance. There are four regularly scheduled meetings per year. The Board can also meet at other times or act by unanimous written consent, as appropriate in the circumstances.

### **B. Agenda**

The Chairman and Chief Executive Officer, in common consultation with the Lead Independent Director and Corporate Secretary, drafts the agenda of each meeting and distributes it in advance to the Board. There is an annual cycle of agenda items which include governance matters, operational, strategy, succession and talent reviews and finance reports by the Chief Executive Officer, Chief Financial Officer and/or operating unit executives.

### **C. Attendance**

The Board expects directors to attend all Board meetings, as well as the annual meeting of Share Owners, to the extent possible for them to do so.

### **D. Preparation**

Whenever possible, relevant materials are sent in advance of the Board meeting for review and adequate preparation by Board members.

## **E. Board Access to Management**

The Board has complete and open access to management and other employees (including whistleblower hotline reports and complaints). Executives are often present at Board meetings to allow direct access to the Board members. The Board encourages directors to communicate with management and other employees as any such director determines necessary or appropriate.

## **F. Delegations of Authority to Management**

The Board assigns certain responsibilities to the Chief Executive Officer through a general delegation of authority and through specific mandates contained in Board resolutions regarding particular matters. The Board shall determine what limitations will apply to delegated authorities and approve policies under which management will operate.

## **G. Access to Independent Advisors**

The Board of Directors and its Committees have the authority to the extent necessary or appropriate to carry out their duties, to retain legal, financial, compensation, or other advisors.

## **H. Executive Sessions of Independent Directors**

Independent Board members have the opportunity to meet without management present at least twice annually at regularly scheduled meetings and as needed at other times.

## **I. Board Communications with Share Owners**

Share Owners may communicate with Board members by sending comments in care of the Company's Corporate Secretary at 1205 Kimball Blvd., Jasper, IN 47546. The Corporate Secretary has the discretion to forward the correspondence to the director, or if circumstances dictate, to other departments within the Company to which such communication is more appropriately addressed. A log and copies of correspondence received are available to any director who wishes to review them.

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

New directors will receive an orientation about the Company and director responsibilities, including information designed to familiarize new directors with the Company's business, operations, strategy, finances, risk management, governance, and sustainability practices. The Board also encourages directors to undertake continuing education regarding the responsibilities and priorities of public company directors. The Nominating and ESG Committee is responsible for oversight of the orientation and continuing education and shall work with the Company to provide for appropriate, reasonable funding for the same, as determined by the Committee.

## **K. Board Evaluation**

The Board will conduct an annual review of its performance, its committees, and its members, with the opportunity for evaluations, utilizing a third-party evaluator as appropriate, with a focus on determining the effectiveness of the Board in operating as a coherent and effective governing body.

## **COMMITTEES**

The Board has established committees to assist it in the execution of its responsibilities and has delegated important responsibilities to them. The Board can appoint standing committees, as well as ad hoc committees for a specified purpose and/or time. Committees of the Board may also appoint subcommittees. The Board currently has three standing committees:

- Audit
- Talent, Culture, and Compensation
- Nominating and ESG

The Board appoints the members of all standing committees, all of whom must be independent directors. These committees will normally meet quarterly, or more frequently as circumstances dictate. Each committee carries out its responsibilities in accordance with the authority delegated in its Charter from the Board of Directors. The Chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length

of committee meetings and develop the committee's agenda. Each committee has the authority to engage outside advisors and reports its findings and recommendations for action.

A brief description of the standing committees is as follows:

Audit Committee – The Committee's primary function is to provide independent, objective oversight of the Company's accounting functions, internal controls, enterprise risk, cybersecurity, data privacy, and financial reporting. The Committee also serves as an independent and objective party to review and appraise the audit efforts of the Company's outside auditor and internal audit group, and facilitates and promotes open communication among the outside auditor, financial and senior management, the internal audit group, and the Board of Directors.

The Audit Committee will ensure that the Company's independent auditor rotates its lead audit partner and audit review partner every five (5) years as required by SEC rules.

Talent, Culture, and Compensation Committee – The Committee's primary functions are to assist the Board in discharging its obligations to oversee the Company's strategies, policies, and key metrics related to its talent, including matters such as pay equity, diversity, inclusion, belonging, retention, leadership development and succession, culture, and the alignment with and advancement of the Company's Guiding Principles; to establish the fair and competitive compensation of the Chief Executive Officer and other Executive Officers; and to review, approve, and oversee the Company's compensation policies, plans, goals, and objectives for Executive Officers and non-employee directors, assuring they are implemented according to the Company's Guiding Principles and the compensation philosophy established by the Committee.

Nominating and ESG Committee – The Committee's primary functions are to assist the Board in the identification of individuals qualified for Board and Board Committee service; overseeing and monitoring the Company's goals, policies, procedures, initiatives, and disclosures related to climate, sustainability and environmental, social, and governance (ESG) matters; and discharging its responsibilities in any related matters required by federal securities laws and/or the listing standards of any applicable national securities exchange.

## **CLAWBACK POLICY**

Kimball believes that it is in the best interests of the Company and its Share Owners to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. Therefore, Kimball has adopted a policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws.

## **POLICY PROHIBITING SPECULATIVE TRANSACTIONS**

Kimball considers it improper and inappropriate for any director or executive officer to engage in short-term or speculative transactions in Company stock or debt. Such activities may put the personal gain of the individual in conflict with the best interests of the Company and its shareowners; may create the appearance that the individual is trading based on material non-public information or is focused on short-term performance at the expense of long-term objectives; and/or be a potential violation of the law. Therefore, Kimball has adopted a policy prohibiting such transactions including Short Sales, Hedging Transactions, Publicly Traded Options, Margin Accounts, and Pledges.

## **BOARD STOCK OWNERSHIP GUIDELINES**

To align the interests of our directors and executives more closely with those of our Share Owners, the Board has adopted stock ownership guidelines which outline the desired holding of certain levels of equity interest in the Company by executives and directors.

## **PERIODIC REVIEW OF CORPORATE GOVERNANCE PRINCIPLES**

The Nominating and ESG Committee shall review these Principles annually and the Board will make appropriate changes based on recommendations from the Committee.

*Last updated: November 11, 2022*