

# CORPORATE GOVERNANCE PRINCIPLES OF STEELCASE INC.

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The following Corporate Governance Principles have been adopted by the Board of Directors (the "Board") of Steelcase Inc. (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Principles reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Corporate Governance Principles are not intended to change or interpret any Federal or state law or regulation, including the Michigan Business Corporation Act, or the Company's Articles of Incorporation or By-laws. These Corporate Governance Principles are subject to modification from time to time by the Board.

## THE BOARD

### Role of Director

The basic responsibility of a director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interests of the Company and its shareholders. A director is expected to spend the time and effort necessary to properly discharge those responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review in advance the materials distributed before the meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chair of the Board or the Chair of the appropriate committee in advance of such meeting.

### The Board's Goals

The Board's goal is to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company. To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

### Selection of the Chair of the Board

The Board does not require the separation of the offices of the Chair of the Board and the Chief Executive Officer. The Board shall be free to choose its Chair in the manner it deems best for the Company at any given point in time.

### Size of the Board

The Board believes that it should generally have no fewer than 8 and no more than 14 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be

appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

### **Policy with Respect to Director Resignations in an Uncontested Election**

In accordance with the Company's Articles of Incorporation and By-laws, directors shall be elected by the affirmative vote of the majority of the votes cast by the shares represented in person or by proxy and entitled to vote at any meeting for the election of directors at which a quorum is present (a "majority vote"); provided that, if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast by the shares represented in person or by proxy and entitled to vote at any such meeting.

Any incumbent director in an uncontested election (i.e., an election where the number of nominees does not exceed the number of directors to be elected) who receives a greater number of votes "against" or "withheld" from his or her election than votes "for" such election (as determined by the votes cast by the shares represented in person or by proxy and entitled to vote at any meeting for the election of directors at which a quorum is present) shall, promptly following certification of the shareholder vote, tender his or her resignation to the Board for consideration in accordance with the following procedures, all of which procedures shall be completed within ninety (90) days following certification of the election results.

The Committee (as defined below) shall evaluate the best interests of the Company and shall recommend to the Board the action to be taken with respect to such tendered resignation. The Committee's recommendation may be, without limitation, to (i) accept the resignation, (ii) reject the resignation and maintain the director, (iii) reject the resignation and maintain the director but commit to seek to address and cure the underlying reasons reasonably believed by the Committee to have resulted in such director failing to receive a majority vote, or (iv) reject the resignation but resolve that the director will not be re-nominated at the next election of directors. In reaching its recommendation, the Committee shall consider all factors it deems relevant, including (i) if available, the reasons why shareholders voted "against" or "withheld" with regard to such director, (ii) whether the underlying cause or causes of the vote are curable, (iii) the length of service and qualifications of the director whose resignation has been tendered, (iv) the director's contributions to the Company, (v) the overall composition of the Board, (vi) compliance with the listing standards of the New York Stock Exchange, (vii) the availability of other qualified director candidates, (viii) whether the acceptance of the resignation would trigger a default or breach under a material agreement, (ix) the percentage of outstanding shares represented by the "against" and "withheld" votes, and (x) these Corporate Governance Principles. If the Committee determines to recommend that the Board accept the resignation, the Committee shall also recommend to the Board whether to fill the resulting vacancy or reduce the size of the Board.

The Board shall act on the Committee's recommendation and determine whether to accept or reject the director's resignation. In acting on the Committee's recommendation, the Board shall consider all of the factors considered by the Committee and such additional factors as it deems relevant. Following the Board's determination, the Company shall publicly disclose the Board's decision of whether or not to accept the resignation.

Any director who is required to tender his or her resignation in accordance with this policy shall not participate in any deliberations or voting of the Committee or the Board regarding whether to accept his or her resignation. Prior to voting, the Committee and the Board shall afford the affected director

an opportunity to provide the Committee or the Board with any information that he or she deems relevant.

For purposes of this policy, the term “Committee” means (i) the Nominating & Corporate Governance Committee, or (ii) if each member of the Committee did not receive a majority vote, then the independent directors (as such term is defined under the listing standards of the New York Stock Exchange) who did receive a majority vote may appoint a committee from such directors to consider the tendered resignation and make a recommendation to the Board, or (iii) if three or fewer independent directors received a majority vote, then all such directors may participate in the actions regarding the resignation offers and make a recommendation to the Board.

### **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating & Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Nominating & Corporate Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

### **Board Membership Criteria**

Nominees for director shall be selected on the basis of, among other things, integrity, diversity, or the possession of such knowledge, experience, skills, expertise, so as to enhance the Board’s ability to oversee the affairs and business of the Company, including, when applicable, to enhance the ability of the Board and any of its committees to fulfill their duties and/or to satisfy any requirement imposed by law, rule, regulation or listing requirement. The Nominating & Corporate Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members in the context of the needs of the Board.

### **Other Directorships**

The Nominating & Corporate Governance Committee shall review the number of other public company boards and other boards (or comparable governing bodies) on which each Director and nominee for Director is a member. Directors should advise the Chair of the Board and the Chair of the Nominating & Governance Committee in advance of accepting an invitation to serve on another public company board. In no event should any member of the Audit Committee simultaneously serve on the audit committee of more than two other public companies.

### **Board Composition**

The Board shall have the requisite number of independent directors, and will be comprised of members who meet all applicable legal, regulatory and stock exchange listing standard requirements. The Board shall review annually the relationships that each director has with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered independent directors under the listing standards of the New York Stock Exchange or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **Directors Who Change Their Job Responsibility**

Directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances.

## **Retirement Age**

No director shall be nominated for appointment or re-election to the Board after attaining the age of 75 years.

## **Director Tenure**

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, in connection with each director nomination recommendation, the Nominating & Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon a review of the Director's effectiveness, which is to be conducted by the Nominating & Corporate Governance Committee in connection with each director nomination recommendation.

## **Director Compensation**

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Nominating & Corporate Governance Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Changes to director compensation will be proposed to the full Board for consideration.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, to the extent allowed by applicable laws, rules, regulations and the listing standards of any exchange on which the Company is listed, a member of the Audit Committee may also receive pension or other forms of deferred compensation from the Company for prior service so long as such compensation is not contingent in any way on continued service. A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

## **Separate Sessions of Non-Management Directors**

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but not less frequently than quarterly. The Chair of the Board shall preside at such executive sessions. If the Chair of the Board is a member of management, a non-management director designated by the non-management directors on the Board (the "Lead Non-Management Director") shall preside at such executive sessions.

Any interested parties desiring to communicate with the Chair of the Board, the Lead Non-Management Director and the other non-management directors regarding the Company may directly contact such directors by sending a certified letter to: Chair of the Board/Lead Non-Management Director, c/o Steelcase Inc., P.O. Box 1967, Grand Rapids, Michigan 49501.

## **Self-Evaluation By the Board**

The Nominating & Corporate Governance Committee will oversee an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, to determine whether the Board and its committees are functioning effectively. The results of the evaluation will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nominating & Corporate Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

## **Board Access to Management**

Board members shall have full and free access to the Company's management and, as appropriate, to the Company's outside advisors. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer, the Secretary or directly by the director. Board members will use judgment to assure that this access is not disruptive to the business operation of the Company.

## **Attendance of Management Personnel at Board Meetings**

It is the sense of the Board that attendance at Board meeting by members of executive management can be helpful, and the Chief Executive Officer is encouraged to have members of executive management attend such meetings. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence. Attendance of management personnel at Board meetings is at the discretion of the Board.

## **Board Materials Distributed in Advance**

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

## **Board Interaction with Institutional Investors, Analysts, Press and Customers**

The Board believes that management speaks for the Company. It is suggested that each director refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

### **Board Orientation and Continuing Education**

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflict policies, code of business conduct and ethics, corporate governance principles, principle officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs to maintain the necessary level of expertise to perform his or her responsibilities as a director.

### **Transactions in Company Securities; Pledging**

All transactions in the Company's securities by directors must be made in accordance with applicable laws, the Company's Policy Statement on Insider Trading and any other stock trading and disclosure guidelines issued by the Company from time to time.

Directors are prohibited from purchasing Company securities on margin, borrowing against Company securities in a margin account or otherwise pledging Company securities as collateral for a loan unless (1) the applicable lender has agreed in writing that the securities will not be sold during any trading blackout period applicable to the director and (2) the specific transaction has been approved by the Nominating & Corporate Governance Committee. The Nominating & Corporate Governance Committee shall consider any such requests for approval at its next meeting or, in those instances where it is not practicable or desirable to wait until the next Committee meeting, the Chair of the Committee may consider the approval of the transaction, subject to ratification by the Committee at its next meeting.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be at least four (4) regularly scheduled meetings of the Board each year, to be held quarterly. Additional meetings shall be held as frequently as necessary to assure the appropriate oversight of the company's operations.

### **Selection of Agenda Items for Board Meetings**

The Chair of the Board will review and approve the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the Agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board session each year.

## COMMITTEE MATTERS

### Number and Names of Board Committees

The Company shall have at least four (4) standing committees: Audit, Nominating & Corporate Governance, Compensation and Executive. The purpose and responsibilities of the Audit, Nominating & Corporate Governance and Compensation committees shall be outlined in committee charters adopted by the Board. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

### Independence of Board Committees

Each of the Audit Committee, the Nominating & Corporate Governance Committee and the Compensation Committee shall be composed entirely of directors satisfying all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee, including any applicable independence requirements. The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

### Assignment and Rotation of Committee Members

The Nominating & Corporate Governance Committee shall be responsible, after consultation with the Chair of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees and to recommend a Chair for each committee. After reviewing the Nominating & Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chair and members to the committees on an annual basis. It is the sense of the Board that, when annually reviewing Committee assignments, the Nominating & Corporate Governance Committee should consider rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

## LEADERSHIP DEVELOPMENT

### Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, integrity, leadership qualities, knowledge, skills, expertise, and reputation in the business community.

### Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review each fiscal year. The following steps will be utilized to carry out this review:

- The Chief Executive Officer will prepare a self-evaluation at the end of each fiscal year regarding his or her performance against the specific goals and objectives agreed to for the fiscal year and will deliver the self-evaluation to the Chair of the Board.

- Each director will also provide a completed evaluation form to the Chair of the Board, who will prepare a summary report.
- The Chair of the Board will consult the Board of Directors regarding the summary report and, following that consultation, will finalize the performance review.
- The Chair of the Board will present the review to the Chief Executive Officer in a one-on-one meeting and subsequently provide a summary of the meeting to other Board members.

If the Chair of the Board is a member of management, the Lead Non-Management Director shall fulfill the duties assigned to Chair of the Board under this provision.

### **Succession Planning**

The Board shall plan for the succession to the position of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed the Chief Executive Officer and other senior management positions. In addition, the Chief Executive Officer shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

### **Management Development**

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.