



LCI INDUSTRIES

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**LCI Industries**  
**Corporate Governance and Nominating**  
**Committee Key Practices**

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### CORPORATE GOVERNANCE AND NOMINATING COMMITTEE KEY PRACTICES

The Corporate Governance and Nominating Committee has adopted the following key practices to assist it in undertaking the functions and responsibilities set forth in its Charter:

- I. **Method of Evaluating Board and Committee Effectiveness.** The Committee will oversee the following self-evaluation process which will be used by the Board and by each Committee of the Board to determine their effectiveness and opportunities for improvement. All of the Board and Committee self-evaluations shall be done annually at the November Board and Committee meetings. Each October, a separate questionnaire will be furnished to each Director to be completed both with respect to the Board and with respect to the Committee[s] on which the Director serves. The questionnaires will ask the Directors:
  - a) To evaluate the quality of information and analysis presented to the Board or Committee, and the effectiveness of Board or Committee discussions, with suggested changes if appropriate.
  - b) The manner in which issues arising in the past year could be handled differently in the future by management, by the Board, or by the relevant Committee.
  - c) Whether there are subjects that the Board or Committee should address in the future.
  - d) For any other suggestions for improvement of the functioning of the Board or the relevant Committee.
  - e) For any other corporate governance concerns.
  - f) Such other questions as the Corporate Governance and Nominating Committee deems appropriate.

The Directors shall be asked to provide the responses to the Company's Chief Legal Officer on a privileged and confidential basis for compiling and discussion, on an anonymous basis, with the Chairman of the Board and the other Directors (with respect to the Board self-evaluation), and with the Committee chairs and Committee members (with respect to the Committee self-evaluations). The comments shall be organized and summarized for discussion at the November Board and Committee meetings. In lieu of the questionnaire described above, the Committee may engage the services of an independent expert in corporate governance to contact each director soliciting comments with respect to the topics listed above, or use other means the Committee deems reasonable and appropriate for its oversight of an annual self-evaluation process.

II. **Principles for Board Compensation.** In determining compensation and benefits for non-employee Directors, the Committee will be guided by the following goals: compensation should fairly pay Directors for the time and service they provide; compensation should align Directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand.

In implementing these goals, the Committee will adhere to the following practices, with specific compensation amounts to be determined at the end of each year:

- a. **Board Compensation.** Annual compensation will be recommended to the full Board by this Committee for non-employee Directors after consulting with the Compensation Committee, and may consist of an annual cash retainer, fees for attending each in-person Board Meeting, fees for attending each meeting of the Audit, Compensation, Risk, Corporate Governance and Nominating, and Strategy and Acquisition Committees, equity-based compensation, or any combination of the foregoing. Attendance at brief, telephonic meetings will be considered equivalent to half of a normal meeting for purposes of calculating the number of meetings attended and related fees. The Chairman of each Committee and the Chairman of the Board will receive an additional fee for serving in such capacity.
- b. **Deferral of Cash Fees.** To encourage Directors' long-term ownership of the Common Stock of the Company, Directors may elect to accept deferred stock units or restricted stock in lieu of cash compensation in payment of Directors' fees. An initial election to defer compensation for a calendar year must be made prior to December 31<sup>st</sup> of the preceding calendar year. Deferred stock units or restricted stock shall be issued in accordance with the Company's Equity Award and Incentive Plan. The number of shares of restricted stock or deferred stock units, credited at the fair market value of the stock on the date credited, is equivalent to 115% of the deferred fee. The restricted stock or deferred stock units are distributed in the form of shares of the Common Stock of the Company at the end of the initial restriction or deferral period, as appropriate, or in the case of deferred stock units any extended deferral period selected by the Director, subject to earlier distribution upon death, disability, or certain changes of control of the Company, and are intended to comply in all respects with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended. Until shares representing the deferred stock are distributed, the Director does not have any rights of a stockholder of the Company with respect to such shares. Deferred stock units will accumulate dividend equivalent payments, if any, which shall be reinvested into additional deferred stock units with the same conversion date as the underlying units.
- c. **Grant of Stock-Based Awards.** Each year following the Annual Meeting of Stockholders, non-employee Directors elected to the Board will be granted stock-based awards which may consist of options, stock appreciation rights, restricted stock, deferred stock units, or stock, or any combination of the foregoing, subject in all respects to the Company's Equity Award and Incentive Plan, as may be amended or restated from time to time. The price of the stock subject to such awards will be the closing market price on the New York Stock Exchange for the day before the grant

date. Such awards are to vest one year after the grant date, or such longer period as the Board shall determine, and shall be subject to such other vesting terms or restrictions as determined by the Board from time to time.

- d. **Stock Ownership Requirement.** All non-employee Directors are required to hold Company stock or deferred stock units, as set forth in Section 20 of the Company's Governance Principles.

III. **Director Nominee Qualifications and Process.** The Committee will consider stockholder recommendations for candidates for the Board sent to the Corporate Governance and Nominating Committee, c/o Secretary, LCI Industries, 4100 Edison Lakes Parkway, Suite 210, Mishawaka, Indiana 46545. The Committee's minimum qualifications and specific qualities and skills required for Directors are set forth in Section 3 of the Company's Governance Principles. In addition to considering candidates suggested by stockholders, the Committee considers potential candidates recommended by current Directors, Management and others. The Committee considers all potential candidates in the same manner regardless of the source of the recommendation.

IV. **Approval of Certain Related Person Transactions.** The Committee shall review and approve or ratify any transaction between the Company and a related person, which is required to be disclosed under the rules of the Securities and Exchange Commission. For purposes of this practice the terms "transaction" and "related person" have the meaning contained in Item 404 of Regulation S-K. In the course of its review and approval or ratification of a transaction, the Committee shall consider:

- a. the nature of the related person's interest in the transaction;
- b. the material terms of the transaction, including without limitation, the amount and type of transaction;
- c. the importance of the transaction to the related person;
- d. the importance of the transaction to the Company;
- e. whether the transaction would impair the judgment of a Director or Executive Officer to act in the best interest of the Company; and
- f. any other matters the Committee deems appropriate, including any third-party fairness opinions or other expert review obtained by the Company in connection with transaction.

Any Committee member who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting such approval or ratification, provided, however, that such Director may be counted in determining the presence of a quorum at a meeting of the Committee which considers the transaction.