

**CHARTER OF THE COMPENSATION & GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF KIMBALL INTERNATIONAL, INC.**

**AUTHORITY**

The Board of Directors, by resolution dated October 17, 2006, established the Compensation & Governance Committee and approved its Charter. This Charter was last amended by the Board of Directors on February 17, 2015. The Compensation & Governance Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

**PURPOSE**

The Compensation & Governance Committee is to assist the Board of Directors in the discharge of its fiduciary responsibilities relating to the grant of stock compensation, the fair and competitive compensation of the Chief Executive Officer and other Executive Officers; the Company's contribution to any retirement plans maintained for the benefit of its employees; goals and awards under the Profit Sharing Bonus Plan; matters of corporate governance; identification, evaluation and nomination of individuals qualified to be Board members; Board and committee composition and evaluations; Board member orientation and education; and Board and Executive Officer succession planning.

The Compensation & Governance Committee will fulfill this purpose by carrying out the duties and responsibilities enumerated in this Charter. The Compensation & Governance Committee shall make regular reports of its activities to the full Board of Directors.

**DUTIES AND RESPONSIBILITIES**

Stock Compensation:

- Adopts or amends and administers stock-related plans including, but not limited to, approving grant guidelines, general size of overall grants, performance goals, and interpreting the plans.

CEO and Executive Officer Compensation:

- Annually assesses the CEO's performance against relevant performance criteria.
- Annually reviews market data, general industry information and any other relevant data, to assess the competitiveness of the CEO's compensation and the compensation of the other Executive Officers and evaluate associated risk.
- Approves in advance any base salary increase for the CEO.
- Approves awards to the CEO under any other compensation arrangements.
  - The CEO may not be present during any Compensation & Governance Committee deliberations or voting on his or her compensation.

- Reviews and approves all compensation for the other Executive Officers, in consultation with the CEO.
- Approves and authorizes the Company to enter into any employment agreements, severance arrangements, change in control agreements or provisions or other compensation-related agreements, in each case as, when and if appropriate, with Executive Officers of the Company.
- Periodically reviews the Company's policies on perquisites and the value of perquisites for Executive Officers and approves any changes to such policies.
- Produces the Compensation Committee Report to be included in the Company's proxy statement.
- Reviews the Compensation Discussion and Analysis and recommends its inclusion in the Company's Annual Report on Form 10-K and its proxy statement, and reviews the other compensation-related disclosure in the Company's proxy statement.
- In making its decisions with respect to executive compensation policies and practices, considers the results of the vote on advisory proposals submitted to shareholders related to executive compensation.
- Oversees the process for identifying and addressing any material risks relating to the Company's compensation policies and practices.
  - Considers the extent, if any, to which risks arising from the Company's compensation policies and practices are reasonably likely to have any material adverse effects.
  - Considers the extent, if any, to which incentive compensation programs encourage unnecessary or excessive risk taking or illegal or improper behavior by employees.
- Approves and periodically assesses the effectiveness of any policies, plans or agreements concerning the recoupment of incentive compensation, or "clawback policies".
- Has the authority, in its sole discretion, to retain or obtain the advice of any consultant, independent legal counsel or other advisor engaged to assist the Compensation & Governance Committee in the performance of its duties, is directly responsible for the appointment, compensation and oversight of the work of any such advisors the committee retains and receives appropriate funding, as determined by the Compensation & Governance Committee, from the Company for payment of reasonable compensation to such advisors.
  - May select or receive advice from a consultant or other advisor only after evaluating all factors relevant to assessing such consultant's or advisor's independence, including the factors required to be considered under the listing standards of any applicable national securities exchange and Securities and Exchange Commission ("SEC") rules.

#### Retirement Plan Company Contribution:

- Reviews and approves the determination and payment of the annual voluntary Company contribution to the defined contribution Retirement Plan and any other retirement or savings plan.

#### Profit-Sharing Bonus Plan:

- Approves the profit level targets.
- Certifies the target achievement.
- Authorizes the payment of bonuses under the plan to eligible employees.

Reviews and approves all proposed new or amended employee benefit plans.

#### Board Composition, Nominations and Compensation:

- Identifies and evaluates qualified director candidates in accordance with procedures established by the committee.
  - In its sole discretion, the Compensation & Governance Committee has the authority to retain and terminate any search firm to be used to identify director candidates and approve such firm's fees and other retention terms.
- Determines the relevant criteria (including any minimum qualifications) for Board membership.
- Recommends Board member nominees for election at the annual meeting of shareholders and recommends the directors to serve as Chairman of the Board and Lead Independent Director, if any.
  - Establishes procedures for the submission of candidates for election to the Board (including recommendations by shareholders of the Company).
- Reviews the disclosure in the Company's proxy statement regarding the Company's nomination process and other governance-related disclosure.
- Reviews and assesses the size and composition of the Board on an ongoing basis.
- Assesses from time to time the effectiveness of the Board's leadership structure and recommends to the Board any proposed changes to the structure.
- Recommends individual Board member development and education.
- Reviews and oversees the succession planning for the CEO and other Executive Officers.
- Oversees the Board member orientation process.
- Annually reviews the Compensation & Governance Committee's own performance.
- Annually reviews and recommends to the Board any changes in compensation of non-employee Board members
- Leads the self-evaluation process for the Board and each committee of the Board.
- Recommends to the Board the nominees for Board committee appointments.

#### Corporate Governance:

- Reviews and assesses the adequacy of the Company's Corporate Governance Principles and recommends any changes to the Board for approval.

- Reviews and assesses the adequacy of the Company's Business Ethics Policy and recommends any changes to the Board for approval.
- Reviews actual and potential conflicts of interest of Board members and officers, including related persons transactions, and approves or prohibits, as appropriate, any involvement of such persons in matters that may involve a conflict of interest or taking of a corporate opportunity, or any related persons transactions.
- Periodically reviews the Company's policy for requiring executive officers and directors to own Company stock ownership
- Reviews and assesses on an ongoing basis the "best practices" that have developed on corporate governance matters.
- Reviews and recommends to the Board responses to shareholder proposals.
- Reviews proposed changes to the Company's Articles of Incorporation and By-Laws and makes recommendations to the Board.
- Determines the methods and opportunities through which shareholders and the Board may communicate with each other.

## **MEMBERSHIP**

The Committee shall be comprised of at least three Independent Directors appointed by the Board. "Independent Director" means the director is not a current or former employee of the Company, does not receive any consulting, advisory or compensatory fee in any capacity other than as director, has no interest in any significant transactions or business relationships with the Company, is not an affiliate of the Company or any subsidiary, is a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, is an "Outside Director" as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended, and otherwise meets all independence requirements imposed by Federal or State securities or tax laws, or any rules, regulations, or listing standards of any applicable national securities exchange or the SEC.

The members of the Committee shall be appointed by the Board. Each member shall serve at the pleasure of the Board.

## **MEETINGS**

The Committee shall meet at least annually, or more frequently as circumstances dictate.