

# **ACUITY BRANDS, INC. BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES**

**As Amended and Restated June 28, 2019**

## **The Mission of the Board of Directors**

The Board of Directors (the “Board”) of Acuity Brands, Inc. (the “Company”) represents the stockholders’ interest in perpetuating and increasing the value of the business enterprise, including optimizing long-term financial returns. The Board is responsible for regularly monitoring the effectiveness of management’s policies and decisions, including the execution of the Company’s strategic plan, and assessing whether management is capably executing its duties.

In fulfilling the Board’s general responsibilities described above, the Board and its committees have complete authority to consult with outside counsel and to engage independent financial, legal or other professional advisors with respect to any issues relating to their activities. All reasonable expenses incurred by the Board or its committees in connection with any such consultation or engagement will be paid by the Company. These guidelines are subject to modification from time to time by the Board in its sole discretion.

## **SELECTION OF THE BOARD**

### **1) Board Membership Criteria**

The Governance Committee will annually review, in the context of the current membership of the Board, the appropriate experience, skills and characteristics required of Board members. This assessment should consider the perceived needs of the Board at that time and should include issues of experience, judgment, diversity (as set forth in the Board Diversity Policy) and skills, such as understanding of manufacturing and distribution technologies and accounting or financial management expertise. The Governance Committee will report its evaluation to the Board for discussion and appropriate action.

### **2) Selection of New Directors**

The Board will be responsible for selecting its own nominees and recommending them for election by the stockholders. The Board delegates to the Governance Committee the screening process necessary to identify qualified candidates, including consultation with the Chairman of the Board and the Chief Executive Officer. The invitation to join the Board will be extended by the Chairman of the Board. Stockholders may propose nominees for consideration by the Governance Committee by submitting the names and supporting information to: 1170 Peachtree Street, NE, Suite 2300, Atlanta, Georgia 30309, Attention: Corporate Secretary.

### **3) Election of Directors**

The directors are elected by the Company’s stockholders at the annual meeting of the stockholders pursuant to Article I, Section 7 of the Company’s Amended and Restated By-Laws (“Bylaws”). If an incumbent director fails to receive the required vote at an annual meeting of

stockholders, such director will promptly tender his or her irrevocable offer of resignation to the Board, which will be effective immediately upon acceptance by the Board. The Governance Committee will review the appropriateness of such incumbent director's continued Board membership and will make a recommendation to the Board as to whether to accept or reject such director's resignation, or whether to take other action that the Governance Committee believes to be in the best interests of the Company and its stockholders. In reaching its recommendation, the Governance Committee will consider all factors it deems relevant, including, but not limited to, the following:

- (a) any stated reasons why stockholders voted against such director;
- (b) any alternatives for curing the underlying cause of the "against" votes;
- (c) the director's tenure;
- (d) the director's qualifications;
- (e) the director's past and expected future contributions to the Company; and
- (f) the overall composition of the Board, including whether accepting the resignation offer would cause the Company to fail to meet any applicable Securities and Exchange Commission ("SEC") requirements, New York Stock Exchange ("NYSE") requirements or other legal requirements.

The Board will act on the Governance Committee's recommendation within 90 days after certification of the stockholder vote. Promptly following the Board's action, the Company will publicly disclose the Board's decision regarding such incumbent director's resignation. If the Board's decision is to not accept the resignation, such disclosure will include the Board's reasons for not accepting the resignation.

#### **4) Orientation and Continuing Education**

New directors are provided with an orientation process, which includes comprehensive information regarding the Company's business and operations, information regarding the industries in which the Company operates and other background material, meetings with senior management, and visits to Company facilities. As a part of the Company's continuing education efforts, supplemental information is provided to directors from time to time and meetings of the Board are held from time to time in alternate locations in order to provide the directors an opportunity to become familiar with additional Company facilities. In addition, each director is encouraged to each year attend, at the Company's expense as specified from time to time, a governance or related seminar meeting such criteria as the Chairman of the Board may establish.

### **BOARD LEADERSHIP**

#### **5) Selection of Chairman and Chief Executive Officer**

The Board expects that the Chairman of the Board and the Chief Executive Officer positions will be held by the same person.

## **6) Lead Director**

Whenever the Chairman of the Board is a member of management, there shall be a Lead Director. The Lead Director shall be an independent director appointed each year by the independent members of the Board after the annual meeting of stockholders. The responsibilities of the Lead Director shall be to:

- (a) Provide oversight to ensure the Board works in an independent, cohesive fashion;
- (b) Ensure Board leadership in the absence or incapacitation of the Chairman of the Board;
- (c) Chair Board meetings when the Chairman of the Board is not in attendance;
- (d) Review with the Chairman of the Board to ensure the conduct of the Board meeting provides adequate time for serious discussion of appropriate issues and that appropriate information is made available to Board members on a timely basis;
- (e) As provided in these Corporate Governance Guidelines, develop the agenda for and chairing executive sessions and act as liaison between the independent directors and the Chairman of the Board on matters raised in such sessions;
- (f) As provided in these Corporate Governance Guidelines, work with the Chairman of the Board and Chief Executive Officer, or if they are not the same person, the Chief Executive Officer, to set the agenda for Board meetings; and
- (g) Perform such other duties as may be requested from time-to-time by the Board, the independent directors or the Chairman of the Board.

The Lead Director shall be entitled to request material and receive notice of and attend all meetings of committees.

## **BOARD COMPOSITION AND PERFORMANCE**

### **7) Size of the Board**

The Company's By-laws provide for the number of directors to be fixed by resolution of the Board. In setting this number, the Board will consider the core competencies appropriate for the Board as a whole.

### **8) Mix of Management and Independent Directors**

A majority of the members of the Board must be independent directors. The Board will annually determine whether each director has no material relationship with the Company and is thereby deemed to be independent, based on the following standards and such additional criteria as the Board considers appropriate at that time:

- (a) the director is not and was not during the preceding three years an employee of the Company (other than any past service as an interim Chairman of the Board or Chief Executive Officer) and no immediate family member of the director is or was an executive officer of the Company within the preceding three years;
- (b) neither the director nor an immediate family member of the director receives or received within any twelve-month period within the preceding three years more than \$120,000 per year in direct compensation from the Company, other than: (i) director and committee fees and pension or other forms of deferred compensation for prior service (provided the deferred compensation was not contingent in any way on continued service); (ii) any compensation received by a director for former service as an interim Chairman of the Board or Chief Executive Officer; and (iii) any compensation received by an immediate family member for service as a non-executive employee of the Company.
- (c) (i) neither the director nor an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; (ii) the director is not a current employee of such a firm; (iii) the director does not have an immediate family member who is a current employee of such a firm and personally works on the Company's audit; and (iv) neither the director nor an immediate family member of the director was within the last three years a partner or employee of such a firm and personally worked on the Company's audit;
- (d) neither the director nor an immediate family member of the director is or was within the preceding three years employed as an executive officer of another company where any of the Company's present executives currently serve or served within the preceding three years on that company's compensation committee; and
- (e) the director is not an executive officer or an employee, and no immediate family member of the director is an executive officer, of a company that, within the preceding three fiscal years of that company, made payments to or received payments from the Company for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

For purposes of the foregoing standards, (a) "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home and (b) the "company" includes any parent or subsidiary in a consolidated group with the Company.

## **9) Service on Other Boards of Directors**

In connection with the director nomination process and annual assessment of Board membership and performance, the Governance Committee will review the number of other public company boards on which each director serves to consider whether such other board service impairs the director's service to the Company by unduly limiting the director's attendance, participation, or effectiveness. Prior to becoming a director of another company, a director shall notify the Chairman of

the Board, or, if one has not been elected, the Chair of the Governance Committee, in order to avoid potential conflicts of interest and to address whether the aggregate number of directorships held by such director would interfere with his or her ability to carry out his or her responsibilities as a director of the Company. In the event that the Board determines that the additional directorship constitutes a conflict of interest or interferes with such director's ability to carry out his or her responsibilities as a director of the Company, such director, upon the request of the Board, shall either offer his or her resignation or not accept the other directorship. In addition, no member of the Board may sit on more than a total of five public company boards (including the Board of the Company); provided, that, the Chief Executive Officer may not sit on more than a total of three public company boards (including the Board of the Company).

#### **10) Directors Who Change Their Present Job Responsibility**

The Board does not believe that, in every instance, directors who retire or change from the positions they held when they came on the Board should necessarily leave the Board. However, directors who retire or change the occupations they held when initially elected to the Board are expected to promptly submit letters describing their retirement or change in occupation and offering resignation from the Board. The Board, through the Governance Committee, will then review the appropriateness of continued Board membership under the changed circumstances.

#### **11) Directors Who Cease to be Independent**

A director who ceases to be independent following a determination that he or she no longer meets the Company's definition of an "independent" director within the meaning of these Corporate Governance Guidelines, must offer to resign from the Board effective as of the date of such change. The Board, through the Governance Committee, will then review the appropriateness of continued Board membership under the changed circumstances.

#### **12) Board Service Review**

The Governance Committee, in conjunction with the Chief Executive Officer, will formally review each director's continuation on the Board shortly before the end of such director's then-current term. This review will be conducted in connection with the consideration of nominations to the Board at the annual stockholder meeting at which such director's term will expire.

#### **13) Retirement Age**

No person shall be eligible for nomination for election or re-election as a director if he or she will be 75 or older upon his or her election, unless the Board, upon the recommendation of the Governance Committee, determines that due to unique or extenuating circumstances, it is in the best interest of the Company and its stockholders to waive such limitation. In addition, the Board shall not fill a vacancy on the Board with a person if he or she will be 75 or older upon his or her appointment, unless the Board, upon the recommendation of the Governance Committee, determines that due to unique or extenuating circumstances it is in the best interest of the Company and its stockholders to waive such limitation.

#### **14) Board Compensation**

Annually, management will report to the Compensation Committee the status of the Company's Board compensation in relation to other comparable U.S. companies. The Company's Board compensation should be, in form and amount, generally consistent with that of other comparable U.S. companies. In order to create a direct linkage with corporate performance, a meaningful portion of a director's compensation should be provided in the Company's common stock, or in stock equivalents, to further the direct correlation of director and stockholder interests. Changes in the compensation of directors, if any, should come at the suggestion of the Compensation Committee, but with full discussion and approval by the Board.

#### **15) Stock Ownership**

The Board strongly encourages directors to own a meaningful number of shares of Acuity Brands common stock and common stock equivalents. Each director is expected to own, or acquire within four years of first becoming a director, shares of Acuity Brands common stock and common stock equivalents equal in value to at least five times the director's annual cash retainer for service as a member of the Board and its committees.

#### **16) Executive Sessions of Non-Management Directors**

All directors who are not members of the Company's management team will meet in executive session outside the presence of the Chief Executive Officer and other Company personnel during a portion of each of the Board's in-person meetings. The Chairman of the Board, if not an employee of the Company, or if the Chairman of the Board is an employee, the Lead Director, will develop agendas for and chair all executive sessions.

#### **17) Board's Role in Risk Management Oversight**

It is the Board's role to provide oversight of the Company's risk management processes. In accordance with NYSE requirements, the Audit Committee is primarily responsible for reviewing and discussing with management policies with respect to financial risk assessment and management. In addition, the other committees of the Board consider the risks within their areas of responsibility.

#### **18) Board's Interaction with the Company's Stakeholders and the Public**

The Board believes that management speaks for the Company. From time to time, it may be desirable for individual Board members, at the request of management, to meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

#### **19) Assessing the Board's Performance**

Each year the Governance Committee will oversee the process of conducting an annual self-evaluation of the Board's performance, with results to be compiled by or at the direction of the Chairman of the Governance Committee, and will report to the Board an assessment of the Board's performance. This assessment should review the Board's contribution as a whole and areas in which the Board believes the effectiveness of the Board and its committees may be enhanced. Each Standing

Committee will conduct its own self-evaluation and each Committee Chair will report the performance evaluation results to the Board.

## **BOARD RELATIONSHIP TO SENIOR MANAGEMENT**

### **20) Board Access to Senior Management**

Board members have complete access to the Company's management. Board members should use judgment to be sure that any contacts are not distracting to the business operation of the Company. Each committee of the Board will meet regularly with such members of management as are necessary to fulfill the committee's responsibilities under the Statement of Responsibilities of Committees of the Board. Furthermore, the Board encourages senior management, from time to time, to bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in those areas, and/or (b) represent managers with future potential that senior management believes should be given exposure to the Board.

## **MEETING PROCEDURES**

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

The Board will meet in formal sessions at least quarterly. The Chief Executive Officer will establish the proposed agenda for each Board meeting, with the understanding that items pertinent to the advisory and monitoring functions of the Board be brought to it periodically for review and/or decision. The Chairman of the Board, if not an employee of the Company, or if the Chairman of the Board is an employee, then the Lead Director, will review each proposed agenda and add any items deemed necessary or appropriate for the Board's consideration. Each director is encouraged to suggest the inclusion of item(s) on the agenda. Each director may also raise at any Board meeting subjects that are not on the agenda for that meeting.

### **22) Attendance; Board Materials Distributed in Advance**

Each director is expected to attend all meetings of the Board and of committees on which the director serves. In advance of each Board or committee meeting, a proposed agenda and, to the extent feasible or appropriate, information and data that are important to an understanding of the business to be discussed will be distributed and should be reviewed by each director (or committee member, as the case may be). Management should make this material as brief as possible while still providing the desired information. When appropriate, the information distributed will include summaries or outlines of presentations to be given at the meeting. In this way, meeting time may be conserved and discussion time focused on questions that the Board or committee has about the material.

## **BOARD COMMITTEES**

### **23) Number, Structure and Independence of Committees**

Currently, the Board has four standing committees, which are Executive, Audit, Compensation, and Governance. All members of these standing committees shall be "independent" directors within the meaning of these Corporate Governance Guidelines, except that the Executive Committee shall be chaired by the Chairman of the Board, who may be an employee of the Company. The Statement of

Responsibilities of Committees of the Board, which may be amended by the Board from time to time, sets forth specific responsibilities of the Audit, Compensation, and Governance Committees.

**24) Assignment of Committee Members**

The Governance Committee will, after consultation with the Chairman of the Board and Chief Executive Officer, and if they are not the same person, the Chief Executive Officer, and with consideration of the desires, skills and qualifications of individual Board members, recommend to the full Board the assignment of Board members to committees.

**25) Frequency and Length of Committee Meetings**

The Chairman of each committee, in consultation with committee members, will determine the frequency and length of the committee meetings. Each committee shall meet as frequently as is necessary or appropriate to meet its responsibilities under the Statement of Responsibilities of Committees of the Board.

**26) Committee Agenda**

The Chairman of each committee, in consultation with the appropriate members of senior management and staff, will develop the committee's agenda.

**LEADERSHIP DEVELOPMENT**

**27) Formal Evaluation of the Chief Executive Officer**

Each year, the Compensation Committee will evaluate the performance of the Chief Executive Officer after consultation with the Board. In evaluating the Chief Executive Officer, the Committee will take into consideration the executive's performance in both qualitative and quantitative areas, such as: leadership and vision; integrity; keeping the Board informed on matters affecting the Company and its affiliated subsidiaries; performance of the business (including such measurements as total stockholder return and achievement of financial objectives and goals); development and implementation of initiatives to provide long-term economic benefit to the Company; accomplishment of strategic objectives; and development of management. The evaluation will be communicated to the Chief Executive Officer by the Chairman of the Compensation Committee and used by that Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer for the ensuing year.

**28) Succession Planning**

The Chief Executive Officer will report annually to the Board on succession planning, including the Chief Executive Officer's recommendation for an immediate successor in case of an unexpected event. In selecting a successor Chief Executive Officer, the Board should consider the candidate's abilities and potential in the areas specified in the preceding paragraph for consideration in evaluating the Chief Executive Officer.



## **29) Management Development**

The Chief Executive Officer will report annually to the Board on the Company program for management and leadership development, including the following areas: the Company's organizational assessment, the selection of advanced leadership development candidates, succession planning for key positions, the leadership development curriculum, and the performance management process. This report should be given to the Board at the same time as the succession planning report noted previously.