

# BRADY CORPORATION

## CORPORATE GOVERNANCE PRINCIPLES

Approved By The Board of Directors November 19, 2019

### I. Board Issues:

#### A. Membership:

1. Size of Board. The Board believes that its optimal size is eight to eleven members.
2. Mix of Directors; "Independent" Directors.

A majority of the Directors shall satisfy the independence requirements of the Securities Exchange Act of 1934, the New York Stock Exchange and any other regulatory authority. The Board believes that it should not have more than one management Director.

3. Board Membership Criteria.

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity and who will be able to serve at least 10 years as a Director. Exceptional candidates who do not meet all of these criteria may still be considered. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions they can make. Directors should plan to make a significant time commitment to the Corporation and demonstrate a willingness and ability to prepare for, attend and participate in all Board and Committee meetings.

4. New Directors.

The Corporate Governance Committee has, as one of its responsibilities, the recommendation of director candidates to the full Board. The Corporate Governance Committee will maintain an orientation program for new directors.

5. Term Limits; Retirement; Resignation.

a. Term Limits.

The Board does not favor term limits or have a mandatory retirement policy for Directors, but believes that it is important to monitor overall Board performance.

b. Resignation Policy - Management Directors.

Management Directors shall offer to resign from the Board and the boards of all subsidiaries and affiliates of the Corporation on which they serve upon their resignation, removal or retirement as an officer of the Corporation.

c. Directors Changing Their Present Job Responsibilities.

The Board expects Directors to offer to resign from the Board upon a change in their business position including, without limitation, a substantial change in responsibilities or retirement from the position on which their original nomination was based.

B. Conduct:

1. Board Meetings.

a. Selection of Agenda Items and Executive Sessions.

The Chair of the Board and the Chief Executive Officer, with input from the other Directors, as appropriate, should establish the agenda for Board meetings. The non-management Directors of the Board will meet in executive session during each of the Board's regularly scheduled meetings without any management Directors and any other members of the Corporation's management who may otherwise be present. The Chair of the Board or such individual's designee will preside at the executive sessions.

b. Distribution of Materials.

The Corporation shall distribute, sufficiently in advance of meetings to permit meaningful review, materials for use at Board meetings. Normally this should be not less than three business days before the related Board or committee meeting.

c. Attendance of Non-Directors.

The Board believes that attendance of key executive officers at appropriate portions of Board or Committee meetings augments the meeting process and may call upon such individuals from time to time as deemed necessary or desirable.

d. Number of Meetings; Attendance and Preparation.

The Board of Directors shall hold a minimum of four meetings per year. Directors are expected to attend all meetings and to have, prior to the meetings, reviewed all meeting materials distributed to them in advance. Directors are expected to be physically present at all meetings. Conference telephone, video conference, or similar communication equipment attendance at a meeting may be permitted, but in-person attendance is preferred and is expected to be the norm.

2. Conflicts of Interest.

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Corporation, or gives the appearance of a conflict. The Corporation annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be always mindful of their fiduciary obligations to the Corporation.

3. Consulting Agreements with Directors.

The Board believes that the Corporation should not enter into paid consulting arrangements with outside Directors or their employers, without first obtaining the Board's approval. Such approval may, in appropriate circumstances, be granted on an annual basis.

4. Share Ownership by Executive Officers and Directors.

The Board believes it is important for executive officers and directors to maintain an equity stake in the Corporation so as to further align their interests with those of the Corporation's shareholders. Although the number of shares of the Corporation's stock owned by each Director is a personal decision, the Board believes that a minimum ownership of five times the annual Director retainer within five years of initial election or appointment is appropriate. Appropriate

ownership requirements for each executive officer will be determined by the Board.

5. Compensation Review.

The Corporate Governance and Management Development and Compensation Committees will annually review and, when they deem appropriate, jointly recommend to the full Board changes in director compensation and benefits.

6. Assessing Board and Committee Performance.

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

7. Access to Senior Management.

Board members should have complete and open access to senior members of management. The Chief Executive Officer shall invite key employees to attend those Board sessions at which the Chief Executive Officer believes they can meaningfully contribute to Board discussion.

8. Interaction with Third Parties.

The Board believes that management should speak for the Corporation and that the Chair of the Board should speak for the Board.

9. Confidentiality.

The Board believes maintaining confidentiality of information and deliberations is an imperative.

10. Board of Directors' Resources.

The Board of Directors shall have the authority to obtain advice and seek assistance from legal, accounting, and other advisors and consultants. The Board of Directors shall determine the extent of funding necessary for the payment of compensation to any advisor and/or consultant retained to advise it, and the Corporation shall provide appropriate resources.

11. Chair of the Board.

The Chair of the Board shall be elected from among the independent Directors of the Board, and shall be selected by the independent directors based upon the recommendation

of the Corporate Governance Committee. The Chair of the Board shall be elected on an annual basis and may serve consecutive terms. The Board of Directors, upon the recommendation of the Corporate Governance Committee, may set an annual retainer to be paid to the Chair of the Board. The duties of the Chair of the Board are set forth in Exhibit A to these Corporate Governance Principles.

12. Succession Planning.

The Corporate Governance Committee will be responsible for succession planning for the Chief Executive Officer and other senior executives, as well as key managers, and shall report to the Board as deemed necessary or appropriate.

13. Service by Senior Executives and Directors on Other For Profit Company

Boards.

a. CEO Service on Other Boards.

All memberships on other for profit company boards by the CEO will be considered and decided by the full Board based upon the Corporate Governance Committee's recommendation. As a general rule, the Board's policy is that the CEO should not serve on more than one for profit company board in addition to the Board of the Corporation.

b. Senior Executive Officer Service on Other Boards.

The Board believes that, in general, senior executive officers of the Corporation should devote their full business time and attention to the operation and management of the Corporation. However, the Board recognizes that members of management, particularly the CEO, and the Corporation itself will benefit from service on other for profit company boards. It is the Board's policy to encourage such membership in appropriate cases. If any senior executive officer, other than the CEO, desires to join a for profit company board, he or she should advise the CEO of his or her desire to do so, prior to agreeing to be considered for nomination, and the CEO will consider whether or not such person and the Corporation will benefit from that person's service on such company's board and if such membership will interfere with or detract from such person's responsibilities to the Corporation. If acceptable, the CEO will then recommend such membership for consideration and final decision by the Corporate Governance Committee, which will consider, among other things, whether the membership would present any issues under applicable law or NYSE rules, or conflicts of interest issues.

c. Director Service on Other Boards

All memberships on for profit company boards by outside Directors will be considered and decided by the Corporate Governance Committee, after consideration of applicable law and NYSE rules, independence guidelines, related-party transaction regulations and conflicts of interest. The Corporate Governance Committee has delegated authority for review and approval of such decisions to its Chair, who maintains the discretion to refer the matter to the full Committee for determination.

## **II. Committee Issues:**

### **A. Board Committees; Committee Charters.**

The Board currently has the following five Committees: Audit, Management Development and Compensation, Corporate Governance, Technology, and Finance. The Audit, Management Development and Compensation, and Corporate Governance Committees shall each consist of three or more Directors, each of whom shall satisfy the independence (and, in the case of the Audit Committee, the financial literacy and experience) requirements of the Securities Exchange Act of 1934, the New York Stock Exchange and any other regulatory requirements.

Each Committee shall meet in executive session during a portion of each of its regularly scheduled meetings.

Each Committee should have a written charter outlining its responsibilities. The charters of the Audit, Management Development and Compensation, and Corporate Governance Committees will be made available on the Corporation's website.

### **B. Rotation of Committee Assignments and Chairs.**

Committee assignments and the designation of Committee Chairs should be based on the Director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of Committee assignments or Chairs. The Board believes experience and continuity are more important than rotation. Board members and Chairs should be rotated only if rotation is likely to increase Committee performance.

### **C. Frequency of Committee Meetings; Attendance.**

Each Committee Chair shall determine the frequency of meetings of their respective Committees, consistent with any requirements contained in each such Committee's charter. Committee members are expected to be physically present at all meetings. Conference telephone, video conference or similar communication equipment attendance at a meeting will be permitted, but in-person attendance is preferred and is expected to be the norm.

### **III. Duties and Responsibilities of the Committees:**

#### **A. Audit Committee.**

The Audit Committee has the powers and responsibilities set forth in its Charter (which is available on the Corporation's website).

#### **B. Management Development and Compensation Committee.**

The Management Development and Compensation Committee has the powers and responsibilities set forth in its Charter (which is available on the Corporation's website).

#### **C. Corporate Governance Committee.**

The Corporate Governance Committee has the powers and responsibilities set forth in its Charter (which is available on the Corporation's website).

#### **D. Finance Committee.**

The Finance Committee has the powers and responsibilities set forth in its Charter.

#### **E. Technology Committee.**

The Technology Committee has the powers and responsibilities set forth in its Charter.

### **IV. Other Principles:**

#### **A. Disclosure of Corporate Governance Principles.**

These Corporate Governance Principles will be made available on the Corporation's website.

#### **B. Continuing Education of Directors.**

The Board promotes the continuing education of its Directors and encourages attendance at appropriate training programs, conferences and seminars at the Corporation's expense.

**Duties of the Chair of the Board**

1. Chair meetings of the Board of Directors.
2. Chair meetings of the non-management Directors.
3. Work with the CEO to develop the Board agenda.
4. Schedule regular periodic discussions with the CEO and consult as necessary with management on current significant issues, both risks and opportunities, facing the Corporation.
5. Be responsible for providing ongoing feedback to the CEO and other members of management based on issues addressed at and arising out of the executive sessions, especially with respect to key issues facing the Corporation.
6. Work to facilitate effective communication to and from the CEO and to and from all members of the Board.
7. May call meetings of the Board or of the non-management Directors.
8. Serve as principal liaison on Board-wide issues between the independent Directors and management.
9. Serve as the public spokesperson for the Board (management serves as the public spokesperson of the Corporation).
10. Oversee the Board's shareholder communication policies and procedures; be provided with communications from shareholders and other Corporation stakeholders directed to the attention of the Board; and notify the Board or the appropriate committee chair of those matters the Chair of the Board believes are appropriate for further discussion or action.
11. Authorized to approve the retention of outside advisors and consultants who report directly to the Board on Board issues.
12. Work to ensure that the Board reaches a timely consensus on key issues facing the Corporation and mediate among opposing viewpoints of Board members, where appropriate.
13. Work to ensure that the Board remains focused on the larger, macro-level issues facing the Corporation rather than on minor issues that distract the Board from its core role or on issues that appropriately are the province of management.
14. Lead the Board in anticipating and responding to crises.