



# THE LACLEDE GROUP, INC. CORPORATE GOVERNANCE GUIDELINES

Updated November 19, 2015

*These Corporate Governance Guidelines adopted by the Board of Directors of The Laclede Group, Inc. represent the principles that govern the Board in its oversight of the affairs of the Company. These Guidelines are subject to the requirements of the Company's charter and bylaws, as well as applicable law, and may be modified from time to time as determined by the Board.*

## 1. Director Qualifications

A majority of the members of the Board of Directors shall meet the criteria for independence required by the rules and regulations of the New York Stock Exchange. The Corporate Governance Committee will review with the Board, on an annual basis, the requisite skills, characteristics and qualifications to be sought in new Board members as well as the composition of the Board as a whole, including assessments of members' qualification as independent and consideration of diversity, age, skills and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Corporate Governance Committee in accordance with its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Corporate Governance Committee and the Chairman of the Board.

It is the sense of the Board that a size of seven to twelve is appropriate. However, the Board will consider increasing its size to accommodate the availability of an outstanding candidate.

It is the policy of the Board that individual directors who retire, change employment or have any other significant change in their professional roles and responsibilities shall notify the Board of such change and offer to resign from the Board. The Corporate Governance Committee shall review the continued appropriateness of Board membership under the circumstances and make a recommendation to the Board.

No director may serve on more than **three** public company boards. Directors should advise the Chairman of the Board and the Chairman of the Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. No director may be nominated to a new term if he or she would be age **75** or older at the time of the election.

## 2. Director Responsibilities

Directors shall exercise their business judgment to act in a manner they reasonably believe to be in the best interests of the Company and its shareholders and consistent with their fiduciary duties. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. Directors are expected to attend meetings of the Board and committees on which they serve, and to spend the time needed and to meet as frequently as

necessary to properly discharge their responsibilities. They are expected to review materials made available in advance of the meeting. Directors are also expected to attend the annual meeting of shareholders.

The Board is responsible for oversight of the business and affairs of the Company, including overseeing and monitoring the Company's strategic plan and operating plan and budget. The Board reviews the Company's financial and operating performance on an actual and comparative basis. The Board also considers management's evaluation of the risks related to the Company's business and strategy and the measures implemented by management to manage these risks.

The Board has approved the Company's Code of Business Conduct, which applies to the Board as well as the Company's employees, and also approves any changes to the Code. The Audit Committee oversees the implementation of the Code. The Board expects that management will strive to ensure that the Company's operations are conducted legally and within these ethical guidelines.

The Chairman of the Board may be a director who is also an officer or an independent director and may or may not be the same individual as the CEO, at the discretion of the Board. The Board believes it should be free to use its business judgment to determine what it believes is best for the Company in light of all the circumstances. If the Chairman is not an independent director, the independent directors will elect a Lead Director, who shall, among other things, preside during the executive sessions, which are held at least quarterly, and at any other Board meetings at which the Chairman is not present. The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected, however, that Board members would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

### **3. Board Committees**

The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance Committee. All of the members of these committees will be independent directors under the criteria established by the New York Stock Exchange. Committee members will be appointed by the Board upon the recommendation of the Corporate Governance Committee, with consideration given to the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but that a specific rotation schedule should not be mandated.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as the qualifications for committee membership, the committee structure and operations and the process for having the committee report to the Board. The charters will also provide that each committee will annually evaluate its performance.

The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any

requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

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.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

## **4. Director Access to Officers and Employees**

Directors have access to executives of the Company. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director, provided the director first notifies the Chairman of the Board and the Leadership Council member to whom the executive reports of the planned meeting. This notification requirement does not apply to meetings with members of the Leadership Council or the Corporate Secretary. The directors will use good judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an executive of the Company.

The Board welcomes the regular attendance, at each Board meeting, of senior officers of the Company. If the CEO wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for approval.

## **5. Director Compensation**

The form and amount of director compensation will be determined by the Compensation Committee, which will review director compensation annually. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

## **6. Director Orientation and Continuing Education**

All new non-management directors will participate in the director orientation program offered by the Company. All other directors are also invited to attend the orientation. In order to enable non-management directors to better perform their duties and recognize and deal with various issues that may arise during their tenure as directors, all non-management directors, with the prior approval of the Chairman of the Board, may attend at the Company's expense outside director education programs selected from a list of continuing education programs approved by the Chairman of the Board. Directors will provide to the Board at its next meeting a brief overview and assessment of attended programs and report such attendance to the Corporate Secretary who will maintain a record of attendance. Additionally, from time to time, management advises,

or invites outside experts to attend board meetings to advise, the Board on its responsibilities, management's responsibilities, developments relative to corporate governance and best corporate practices.

## **7. CEO Evaluation and Management Succession**

The Compensation Committee will conduct an annual review of the CEO's performance and compensation. The Board of Directors will review the Compensation Committee's report and the Compensation Committee, its chair, or the Chairman of the Board (if independent) or Lead Director shall meet with the CEO to discuss the CEO's performance. The Board believes that evaluation of the CEO should be a comprehensive process based on both qualitative and quantitative factors, including the performance of the business, accomplishment of long-term objectives, positioning of the Company for the future, development of management, and leadership in the community and the industry.

The Compensation Committee should make an annual report to the Board on succession planning. The entire Board will work with the Compensation Committee to evaluate potential successors to the CEO. The CEO should, at all times, make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **8. Annual Performance Evaluation**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.