

# **Foot Locker, Inc.**

## **Corporate Governance Guidelines**

August 20, 2019

### **Introduction**

On recommendation of the Nominating and Corporate Governance Committee (the “Corporate Governance Committee”), these Corporate Governance Guidelines have been adopted by the Board of Directors of Foot Locker, Inc. (the “Company”) and amended from time to time.

While the Guidelines reflect the current view of the Board with regard to the matters covered, the Board expects periodically to review and, if appropriate, revise the Guidelines in the future. Although the Board believes that the Guidelines are consistent with the Certificate of Incorporation and By-laws of the Company, should there be any variance, the Board intends that the Certificate or By-laws, as appropriate, would govern. To the extent that the Guidelines differ in any respect from any resolutions or policies on corporate governance previously adopted by the Board, the Guidelines shall supersede such prior resolutions and policies.

### **1. Board Mission and Director Responsibilities**

The directors are elected by the shareholders and are the shareholders’ representatives in overseeing the management of the Company. In carrying out their responsibilities, directors are to exercise their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders. The Company’s management is responsible for the development of the strategic plan and operating budget, the preparation of financial statements, the management succession plan, the assessment and management of the Company’s exposure to risk, and the day-to-day operations of the Company. The Board is responsible for overseeing the conduct of these activities by the Company’s management.

In carrying out its responsibilities, absent actual knowledge to the contrary, the Board may rely on the integrity of management, the accuracy of financial and operational information provided to the Board by management, and the advice of outside advisors, whether retained by the Board, one of its committees, or the Company.

The Board has established limits on management’s authority with regard to certain items, including capital expenditures and stock or asset acquisitions or sales. These limits permit certain flexibility within approved budgets; however, they may not otherwise be exceeded without obtaining prior approval of the Board or the appropriate committee of the Board.

### **2. Director Independence**

The Board believes that a significant majority of the members of the Board should be independent, as determined by the Board based on the criteria established by The New York

Stock Exchange (“NYSE”) and the guidelines set forth below. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company. The Board has established guidelines to assist it in making this determination, which conform to the NYSE’s independence requirements under the applicable listing standards.

The Board has determined that the following categories of relationships are immaterial for purposes of determining whether a director is independent under the NYSE’s listing standards. If a particular relationship does not fall within any of the following categories, the Board of Directors will review the relationship in light of individual circumstances.

- *Investment Relationships with the Company.* A director and any family member may own equities or other securities of the Company.
- *Relationships with Other Business Entities.* A director and any family member may be a director, employee (other than an executive officer), or beneficial owner of less than 10 percent of the shares of a business entity with which the Company does business provided that the aggregate amount involved in a fiscal year does not exceed the greater of \$1,000,000 or 2 percent of either that entity’s or the Company’s annual consolidated gross revenue.
- *Relationships with Not-for-Profit Entities.* A director and any family member may be a director or employee (other than an executive officer or the equivalent) of a not-for-profit organization to which the Company (including the Foot Locker Foundation) makes contributions provided that the aggregate amount of the Company’s contributions in any fiscal year do not exceed the greater of \$1,000,000 or 2 percent of the not-for-profit entity’s total annual receipts.

A director will not be independent if, within three years prior to the Board’s independence determination:

- the director is employed by the Company, or an immediate family member is an executive officer of the Company;
- the director receives any direct compensation from the Company, other than retainer fees and meeting fees for service as a director;
- an immediate family member receives more than \$120,000 per year in direct compensation from the Company;
- the director is affiliated with or employed by the Company’s internal auditor or independent auditor, an immediate family member is a current partner of such firm, or an immediate family member is affiliated with or employed by such firm and such immediate family member personally works or worked on the Company’s audit; or

- an executive officer of the Company is on the compensation committee of the board of directors of a company which employs the director or an immediate family member as an executive officer.

The Corporate Governance Committee and the Board will review, at least on an annual basis, any relationships between nonemployee directors and the Company that may affect their independence. The Corporate Governance Committee and the Board will also review compensation arrangements, if any, for service on the Company's Board outside of the annual retainer and meeting fees paid by the Company for Board service.

### **3. Director Qualifications**

As a guiding principle, the Board strives for a board composition that is diverse, with directors having skills relevant to the Company's strategy and reflecting a balanced mix of gender, age and tenure.

The Board expects that the Chief Executive Officer will normally be a member of the Board. The Board may invite other members of management to join the Board, depending upon the needs of the Company and the Board, and individual circumstances.

The Corporate Governance Committee is responsible for collecting the names of potential nominees to the Board, retaining a director search firm when it deems appropriate, reviewing the background and qualifications of potential candidates for Board membership, and making recommendations to the Board for the nomination and election of directors. The Corporate Governance Committee may, from time to time, establish criteria for candidates for Board membership, based upon area of expertise, diversity of experience, independence, or other relevant factors, taking into consideration the needs of the Board and the Company and the mix of expertise and experience among current directors. Each director is expected to serve the best interests of all shareholders and must be committed to enhancing the long-term objectives of the Company.

The Corporate Governance Committee is responsible for reviewing the qualifications and performance of then-current directors and making recommendations to the Board with regard to the nomination of directors for re-election to the Board.

### **4. Board Leadership**

The Board has determined that it will evaluate, from time to time as appropriate, whether the same person should serve as Chairman of the Board and Chief Executive Officer or whether the positions should be held by two people in light of all relevant factors and circumstances, and what it considers to be the best interests of the Company and its shareholders. If the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board believes that an independent Lead Director should be appointed to help ensure robust

independent leadership on the Board. Periodic rotation of the Lead Director, where one has been appointed, will be considered, taking into account experience, continuity of leadership, and the best interests of the Company.

As of the effective date of these Guidelines, the positions of Chairman of the Board and Chief Executive Officer are combined, and a Lead Director has been appointed.

The Chairman of the Board shall preside at all meetings of the shareholders and of the Board as a whole, as well as over executive sessions of the Board.

The Lead Director must have sufficient time capacity to fulfill the responsibilities of the independent Board leader. The Lead Director shall:

- preside at meetings of the Board at which the Chairman of the Board is not present;
- preside at executive sessions of the independent directors;
- attend meetings of each of the Board committees;
- encourage and facilitate active participation by, and communication among, all directors;
- serve as the liaison between the independent directors and the Chairman of the Board;
- approve Board meeting agendas after conferring with the Chairman of the Board and other members of the Board, as appropriate, and may add agenda items in his or her discretion;
- approve Board meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- have the authority to call meetings of the independent directors;
- lead the Board's annual performance evaluation of the Chief Executive Officer, including an annual evaluation of the Chief Executive Officer's interaction with the Board;
- be available to advise the Chairman of the Board and the Committee Chairs in fulfilling their designated roles and responsibilities to the Board;
- perform such other functions as the Board or other directors may request.

## **5. Director Retirement Age**

The Board has established a policy that directors resign from the Board at the Annual Meeting of Shareholders following the director's 72<sup>nd</sup> birthday.

## **6. Change in Director's Employment**

The Board has established a policy that any director who experiences a change in his or her principal employment shall promptly advise the Chair of the Corporate Governance Committee. If requested by the Chair of the Corporate Governance Committee, after consultation with the other members of the Committee, the director shall submit a letter of resignation to the Chair of the Committee. The Committee shall promptly meet to consider the letter of resignation and shall either accept or reject it. The Board has not established a policy on whether a member of management who is a director should leave the Board upon retirement or resignation and

believes that this should be evaluated on a case-by-case basis.

## **7. Director Resignation Policy**

If a nominee in an uncontested election of directors fails to receive the required number of votes for re-election in accordance with the Company's By-laws, he or she shall, promptly following certification of the shareholder vote, tender his or her resignation as a director for consideration in accordance with the following procedures. All of these procedures shall be completed within 90 days following certification of the shareholder vote.

The Corporate Governance Committee shall evaluate the best interests of the Company and its shareholders and shall make a recommendation to the Board of Directors on the action to be taken with respect to such offered resignation, which may include (i) accepting the resignation, (ii) rejecting the resignation, or (iii) rejecting the resignation coupled with a commitment to seek to address and cure what the Committee believes to be the underlying reasons resulting in such director failing to receive the required number of votes for re-election.

In determining its recommendation to the Board, the Corporate Governance Committee shall consider all factors that it deems relevant, including (i) any stated reasons why shareholders voted against such director's re-election, (ii) any alternatives for curing the underlying cause of the negative votes, (iii) the director's tenure, (iv) the director's qualifications, (v) the director's past and expected future contributions to the Board and to the Company, and (vi) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable Securities and Exchange Commission or New York Stock Exchange requirements.

In considering the Corporate Governance Committee's recommendation, the Board will consider the information, factors and alternatives considered by the Committee and such additional information, factors and alternatives as the Board deems relevant.

Following the Board's determination, the Company shall promptly disclose publicly the Board's decision on whether or not to accept the resignation, including, if applicable, the reasons for rejecting the tendered resignation.

No director whose resignation is under consideration shall be present during deliberations or voting by the Corporate Governance Committee or the Board on whether to accept his or her resignation, or, except as otherwise provided below, a resignation offered by any other director failing to receive the required number of votes for re-election in the same election. Prior to voting, the Corporate Governance Committee will afford the affected director an opportunity to provide any information or statement that he or she deems relevant. If there are fewer than three directors then serving on the Corporate Governance Committee who did not receive the required number of votes for re-election, then the independent directors who did receive the required number of votes for re-election shall appoint a committee from among themselves to consider the tendered resignations and recommend to the Board whether to accept them.

## **8. Term Limits**

The Board has not established a policy on term limits, and believes that this should be evaluated on a case-by-case basis, with an individual's tenure on the Board being one of the factors that should be considered by the Corporate Governance Committee in determining an appropriate mix of directors. The Board does not believe in automatic annual re-nomination until directors reach the mandatory retirement age. The annual Board self-evaluation process is an important determinant for continuing service.

## **9. Board Committees**

The Board believes that many of its responsibilities can best be carried out through committees of the Board, which may be able to conduct a more detailed review, and develop a higher level of expertise, than the Board as a whole. Each committee will operate in accordance with a charter outlining its duties and responsibilities that has been approved by the Board. The Board will evaluate its committee structure, and the effectiveness of its committees, as part of its annual self-assessment and may make changes in its committee structure from time to time, as appropriate.

The Chair of each committee, in consultation with management, shall develop the agenda for each committee meeting and may schedule additional committee meetings as appropriate.

The Corporate Governance Committee, after consultation with the Lead Director (or non-executive Chairman of the Board) and the Chief Executive Officer, shall make recommendations each year to the Board regarding committee membership and committee chair assignments. In making its recommendations, consideration shall be given to the experience and skills of directors, individual tenure on the committee, as well as the needs of the Company.

As a general principle, periodic rotation of committee assignments on a staggered basis is desired and provides an opportunity to foster diverse perspective and develop breadth of knowledge within the Board.

## **10. Board Meetings and Setting Board Meeting Agendas**

The Board will establish, each year, a schedule for its meetings and the meetings of its committees. Directors are expected to attend the Annual Meeting of Shareholders, Board meetings and the meetings of committees on which they serve, and to spend the time needed in preparation and in attendance at Board and committee meetings to properly discharge their responsibilities.

The Chairman of the Board, in consultation with the Lead Director and Corporate Secretary, will develop the agenda for each Board meeting. Directors are encouraged to suggest meeting topics and may raise at any Board meeting subjects that are not on the meeting agenda. At least annually the Board agenda shall include a review of the strategic plan, risks associated with the

strategic plan and its implementation, the annual operating budget, the annual capital expenditure plan, and the succession plan for the Chief Executive Officer and other senior executives.

Management shall circulate to the directors in advance of each meeting current financial reports, minutes of prior meetings, and other information and reports relating to the meeting agenda items. Additionally, copies of press releases, the Company's filings with the Securities and Exchange Commission, analyst reports, Investor Relations reports, and other information and reports are regularly distributed to directors to help keep them fully informed about the Company. Board materials related to agenda items are posted on the board portal sufficiently in advance of Board and committee meetings to allow the directors to prepare for discussion of the items at the meetings.

The Board shall hold regularly scheduled executive sessions of the independent directors. The Lead Director (or non-executive Chairman of the Board) shall preside at these sessions. In the absence of either a Lead Director or non-executive Chairman of the Board, the Board may designate one of its other independent directors to preside.

#### **11. Chief Executive Officer Performance Evaluation**

Under the leadership of the Lead Director (or, in the absence of a Lead Director, the non-executive Chairman of the Board), the independent directors of the Company shall conduct an annual performance evaluation of the Chief Executive Officer. The Lead Director (or non-executive Chairman of the Board) and the Chair of the Compensation and Management Resources Committee shall provide the performance feedback to the Chief Executive Officer.

#### **12. Confidentiality**

Pursuant to their fiduciary duties of loyalty and care, directors are required to maintain the confidentiality of all information regarding proceedings and deliberations of the Board of Directors ("Confidential Board Information") and all material, non-public information regarding the Company and its officers, directors, and affiliates ("Confidential Company Information") that the director learns in his or her capacity as a member of the Company's Board of Directors, except with the authorization of the Board of Directors or as may be otherwise required by law. Directors may not use Confidential Board Information or Confidential Company Information for their personal benefit or for the benefit of persons or entities outside of the Company, or in violation of any law or regulation, including insider trading laws and regulations.

Other than scheduling communications designated as such, all communications with the directors through the board portal or otherwise regarding the Company, including all meeting and resource materials, are intended solely for the individual directors and shall not be accessed by, or shared with, others, including family members, executive assistants, or other assistants.

### **13. Board Interaction with Shareholders, the Media, Customers, and Other Stakeholders**

The Board shall approve the Company's principal annual communications with its shareholders – its Annual Report, Form 10-K, and Proxy Statement. The Board believes, however, that management speaks for the Company in its communications with shareholders, the investment community, the media, customers, suppliers, associates, the government, and the general public.

To function effectively, the Board of Directors must speak with one voice. Towards this end, individual directors should not respond to requests for comment from the media or have discussions with the media, shareholders, customers, suppliers, other stakeholders, or the general public and should refer any inquiries from those sources to the Company's Chief Executive Officer or, in his or her absence, to the Lead Director (or non-executive Chairman of the Board). This policy would not preclude non-employee directors from meeting with shareholders or other stakeholders at the request of the Board or the Chief Executive Officer, but in most circumstances, such meetings would be with the Chief Executive Officer or other management spokespersons for the Company.

### **14. Director Access to Management and Independent Advisors**

All non-employee directors have open access to the senior management of the Company. It is expected that non-employee directors will use their judgment to ensure that their contacts will not distract from the Company's business and operations. Whenever possible, written communications from non-employee directors to members of management should be copied to the Chief Executive Officer.

The Board encourages participation in Board meetings by members of management in order to better inform non-employee directors about the business of the Company and help the directors evaluate the management team. The Chief Executive Officer shall consult with the Board, or the appropriate committee chair, concerning those members of management who are expected to regularly attend Board or committee meetings.

The Board shall have the authority, at the expense of the Company, to retain such legal, accounting, compensation, and other independent advisors, as it considers appropriate. The Committees of the Board shall have similar authority, as provided in for in their respective charters.

Individual directors may, from time to time, as appropriate, require the services of an independent advisor to assist on matters involving their responsibilities as a Board member. Any director who wishes to engage such an independent advisor at the expense of the Company shall obtain the prior authorization of the Lead Director and the Chair of the Nominating and Corporate Governance Committee.



## **15. Director Compensation**

The form and amount of compensation for outside directors is determined by the Board based on the recommendation of the Compensation and Management Resources Committee. The Board believes that the Company's Common Stock should form a significant component of director compensation.

Regular reviews of directors' compensation are conducted by committees of the Board. The Corporate Governance Committee reviews overall compensation trends and reports on its reviews to the Compensation Committee and the Board. The Compensation Committee reviews the compensation program relative to peers and market and makes recommendations to the Board with regard to the directors' compensation program each year.

## **16. Stock Ownership Requirements**

To further align the interests of the Company's directors with its shareholders, the Board has established minimum stock ownership requirements that apply to all directors and which are set out in the Stock Ownership Guidelines in effect from time to time.

## **17. Director On-Boarding**

Newly elected directors shall participate in a two-phase on-boarding program consisting of an initial orientation following their election and a follow-up program after the first anniversary of their election that is specifically tailored to the individual director. The orientation program will include (i) written information about the business, operations, and policies of the Company, the Board, and director responsibilities; (ii) meetings with senior management to familiarize a new director with the Company's operations, finances, strategic plan, competitive environment, significant pending issues, and management development practices and resources; (iii) interactions outside of Board meetings with the Chief Executive Officer, the Lead Director (or non-executive Chairman of the Board), and other directors; (iv) facility, store, and other field visits with management; and other meetings and interactions with management and outside consultants, as appropriate.

## **18. Director Continuing Education**

In addition to director education provided in conjunction with Board meetings, committee meetings, or Board dinners, directors are expected to participate in at least one continuing education program each year to enhance the skills and knowledge directors use to perform their responsibilities. Participation in educational programs includes attendance in-person, on-line, and by telephone. The Corporate Secretary will maintain a list of potential educational programs for directors, which will be posted on the board portal and, in addition, the directors may suggest potential programs for consideration. Any director who wishes to attend a continuing education program at the Company's expense shall advise the Corporate Secretary, who will notify the Chief Executive Officer, the Chair of the Corporate Governance Committee, and the Lead

Director (or non-Executive Chairman of the Board) and obtain their prior approval of the director's participation in the program. The expense to attend continuing education programs is expected to be reasonable, generally not to exceed \$6,000 plus travel expenses during any two-year period, for each director. Directors shall inform the Corporate Secretary about their participation in continuing education programs, whether paid for by the Company or otherwise, and shall be prepared to provide feedback on the relevant programs to the rest of the Board during executive sessions if requested.

## **19. Management Succession**

The Board believes that management development and succession planning is a key ongoing process. At least annually, management will report to the Board regarding development and succession, including with regard to the Chief Executive Officer position.

## **20. Annual Performance Evaluation**

Each year, the directors shall conduct a self-assessment of the Board and its committees. The objective of this assessment is to identify areas in which the Board, its committees, or individual directors could improve in the execution of their respective responsibilities and is part of a process of continuous improvement. The Corporate Governance Committee shall be responsible for establishing procedures for the conduct and review of this assessment and reporting to the Board on the results of the assessment.

## **21. Policy on Outside Directorships**

The Board has established a policy limiting the number of additional public company or substantial private company boards on which directors and executive officers of the Company may serve. Directors may not serve on more than three public company or substantial private company boards in addition to serving on the Company's Board; provided that directors who are employed on a full-time basis may not serve on more than two public company or substantial private company boards in addition to the Company's Board. The Company's Chief Executive Officer and other executive officers may not serve on more than one other public company or substantial private company board.

For purposes of this policy, a substantial private company board means a private company board of directors (or similar governing body) that, in the judgment of the Corporate Governance Committee, would require a time commitment generally comparable to service on a public company board. For the avoidance of doubt, substantial private company boards would not include boards of charitable, educational or other civic organizations. A director (including the Company's Chief Executive Officer) must notify the Lead Director, Chair of the Corporate Governance Committee, and the Company's General Counsel prior to accepting a new position on any other board. Prior to accepting a new position on any board, the Company's executive officers (other than the Chief Executive Officer) must notify the Company's Chief Executive

Officer and the General Counsel, who will review such proposed board assignment with the Lead Director and Chair of the Corporate Governance Committee.

In furtherance of having a diverse, independent Board comprising directors possessing the critical experience, skills, and qualifications required to serve as a director, the Board believes that care should be given to avoid director overlaps where two or more of the Company's directors together serve on the board of another company or charitable organization simultaneously.

## **22. Periodic Review of Corporate Governance Guidelines**

The Corporate Governance Committee will review the Corporate Governance Guidelines at least annually.