

APPENDIX A

UPDATED 2-13-17

CRITERIA FOR SELECTING BOARD OF DIRECTORS CANDIDATES OF A. O. SMITH CORPORATION

In considering possible director candidates, the Nominating and Governance Committee (“Committee”) and the other directors should recognize that the contribution of the Board of Directors (“Board”) will depend not only on the individual character and capacities of the directors but also on their collective strengths. The Committee considers the needs of the Board and evaluates each recommended candidate in light of, among other things, the candidate’s qualifications. All candidates are reviewed in the same manner, regardless of the source of recommendation. The following criteria should be considered:

The Board of Directors should be composed of:

1. Directors who will bring to the Board a variety of experience and backgrounds.
2. Directors who are highly educated and have substantial senior management experience, industry-related experience and/or financial expertise, or other relevant experience, such as with government, charitable organizations or academic institutions. In particular, one or more directors should have such financial expertise as to qualify as an Audit Committee Financial Expert.
3. Directors who have diverse backgrounds and expertise so as to ensure that the Board has a wealth of experiences to inform its decisions. Consistent with this philosophy, and as part of each candidate search, the Committee shall review the composition of the Board to ensure it reflects the knowledge, experience, skills, and diversity, including diversity of gender and race, required for the Board to fulfill its duties; and take into consideration this review as it seeks new candidates.
4. Directors who together will represent the balanced, best interests of the shareholders as a whole and the interests of the Company’s stakeholders, as appropriate, rather than special interest groups or constituencies.
5. Directors who, given their backgrounds and experiences, provide the Board with a balanced approach in assessing risk and encouraging management to avoid unnecessary or excessive risk taking.

6. A majority of directors who are independent. A director is “independent” if he or she meets the requirements for independence set forth in the rules of the New York Stock Exchange and the Securities and Exchange Commission, as appropriate, for Board and, if applicable, committee participation.

Minimum Qualifications for Directors

The qualifications of directors should, at a minimum, include the following:

1. Be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work collaboratively with others.
2. Be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
3. Possess substantial and significant experience which would be of value to the Company in the performance of the duties of a director.
4. The Board prefers that more than one member of the Audit Committee meet the definition of “Audit Committee Financial Expert.”
5. Should be independent. A majority of independent directors must be maintained at all times, while recognizing that it is appropriate for certain key members of the Company’s management to participate on the Board.
6. Have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director and be of an age that, if elected, the candidate could serve on the Board for at least five years before reaching the mandatory retirement age.