

**STANLEY BLACK & DECKER, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**  
**AS ADOPTED BY THE BOARD OF DIRECTORS**

**Effective July 18, 2018**

**1. Director Qualifications**

The Board will have a majority of Directors who meet the criteria for independence required by the New York Stock Exchange. The Corporate Governance Committee is responsible for reviewing the qualifications and independence of the members of the Board and its various committees on a periodic basis as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity with respect to gender, ethnicity, race, nationality, age, skills and experience in the context of the needs of the Board. Nominees for directorship will be recommended to the Board by the Corporate Governance Committee in accordance with the policies and principles in its charter, which shall include a recommendation on independence. The Board will determine whether a nominee for directorship is independent and whether to nominate such person as a Director.

The Board does not believe it should establish term limits. The Board believes that the skill set and perspectives of its members should remain sufficiently current and broad in dealing with current and changing business dynamics, and therefore seeks to maintain a balance of Directors with varying lengths of service. While the Board recognizes that term limits could assist in this regard, they have the disadvantage of forcing the Board and the Corporation to lose the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole. Unless otherwise authorized by the Board, the retirement of a Director should normally occur at the end of the term in which he or she becomes 75 years of age.

**2. Directors Changing Occupation, Joining New Boards and Other New Relationships**

It is the sense of the Board that individual Directors who change the principal occupation, position or responsibility from what they held when they were elected to the Board should be required to volunteer to resign from the Board. It is not the sense of the Board that in every instance the Directors who retire or change from the position they held when they joined the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Corporate Governance Committee to review the continued appropriateness of Board membership under the circumstances.

Directors should advise the Chairman of the Board and the Chairperson of the Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. Unless approved by the Board, a Director should not serve on more than four other public company boards. The Chief Executive Officer should not serve on more than two other boards of public companies in addition to the Corporation's Board.

In addition, a Director shall notify the Board and the General Counsel if he or she wishes to join a governmental commission, a private company board of directors, a company

advisory board or similar body, or the governing board of a non-profit entity or otherwise to establish a material personal or fiduciary relationship with another entity if the Director reasonably believes that the activities of any such commission, company or entity are competitive with the Corporation's current or currently contemplated future operations or may otherwise impact or overlap with the Corporation's current or currently contemplated future business. If a Director is unsure of whether the notice requirement is triggered by such an invitation, he or she is encouraged to notify and consult with the General Counsel.

### **3. Director Responsibilities**

The basic responsibility of the Directors is to exercise their business judgment in good faith and in what they reasonably believe to be in the best interests of the Corporation. In discharging that obligation, Directors are entitled to rely on their fellow Directors and the Corporation's senior executives and outside advisors, auditors and legal counsel, except to the extent that a Director reasonably believes such person's integrity, honesty or competence is in doubt.

The Directors shall also be entitled to have the Corporation purchase reasonable Directors' and Officers' liability insurance on their behalf, and to the benefits of indemnification to the fullest extent permitted by law and the Corporation's certificate of incorporation, by-laws and any indemnification agreements.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the Directors before the meeting, and Directors should review these materials in advance of the meeting.

The Corporation's current practice is to separate the offices of Chairman and Chief Executive Officer, with a non-management Director serving as Chairman. The Board believes, however, that the relationship between these offices is an issue that should be part of the succession planning process, which is overseen by the Compensation and Talent Development Committee, and that it is in the best interests of the Corporation for the Board to make a determination whether to combine these offices upon the resignation or removal, or the election of a new, Chairman or Chief Executive Officer and at such other times as the Board may deem appropriate.

The Chairman shall preside at all meetings of the Board, except that in the Chairman's absence, the Directors present shall designate a person to preside. The Chairman shall ensure that the views, opinions and suggestions of other independent Directors are adequately addressed with the Board.

The Chairman, jointly with the Chief Executive Officer, shall determine the times and agendas of meetings of the Board. At the beginning of the year the Chairman, jointly with the Chief Executive Officer, shall establish a schedule of meetings and agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Corporation's long-term

strategic plans and the principal issues that the Corporation will face in the future during at least one Board meeting each year.

The non-management Directors will meet in executive session at each Board meeting.

The Board believes that the management speaks for the Corporation. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation, but it is expected that Board members will do this only with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management. In all instances, the Board's external communications shall be subject to compliance with applicable Corporation policies. In situations where public comments from the Board may be appropriate, they shall come only from the Chairman, unless the Chairman, in consultation with the General Counsel, determines otherwise.

#### **4. Board Committees**

The Board will have at all times an Audit Committee, a Compensation and Talent Development 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. The Board also will have a Finance and Pension Committee consisting of at least three Directors. The Board will have additional standing and temporary committees as appropriate. In general, committee members will be appointed by the Board with consideration of the desires of individual Directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that a fixed rotation schedule should be mandated as a policy.

In addition, the Board will have an Executive Committee, consisting of the Chairman of the Board, the Chief Executive Officer and the Chairpersons of the Audit, Compensation and Talent Development, Corporate Governance, and Finance and Pension Committees.

The Audit Committee, the Compensation and Talent Development Committee, the Corporate Governance Committee, the Executive Committee, the Finance and Pension Committee, and other committees established by the Board will each have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as certain specific qualifications for committee membership and procedures for committee member appointment; in addition, the charters will address committee reporting to the Board. The charters will also provide that each committee annually evaluate its performance.

The chairman 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 chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all Directors.

The Board and each committee have the power to hire at the expense of the Corporation independent legal, financial or other advisors as they may deem necessary without consulting or obtaining the approval of any officer of the Corporation in advance.

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

Any meetings or contacts with officers or employees of the Corporation that a Director wishes to initiate shall be arranged through the Chief Executive Officer, the General Counsel or their designees. The Chief Executive Officer and the General Counsel shall use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and shall, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a Director and an officer or employee of the Corporation. If a Director is not satisfied with his or her access to officers or employees, he or she may raise the issue with the Chief Executive Officer or General Counsel, who will attempt to resolve the concern. If the concern remains unresolved, the Director may raise the issue with the Chairman. Any materials furnished by the Corporation in response to a request by a Director will be furnished to the full Board to ensure that all Directors receive and have access to the same information when performing their fiduciary duties.

The Board welcomes regular attendance at each Board meeting of the appropriate representatives of senior management of the Corporation as shall be determined from time to time, subject to the Board's right in all instances to meet in executive session or with a more limited number of management representatives. If the Chief Executive Officer wishes to have additional Corporation personnel attendees on a regular basis, this suggestion should be brought to the Board for consideration.

## **6. Confidential Information**

Directors must maintain the confidentiality of Corporation information and any non-public or confidential information about the Corporation or any other company from whatever source received in the Director's capacity as a Director and may use such information only for the purpose of his or her service as a Director, except as expressly authorized by the Board or, after written notice to the General Counsel and cooperating with the Corporation's efforts to limit the applicability of any legal requirements, as legally required to disclose such information. This section is complementary to and is to be read and observed in conjunction with the Code of Business Ethics applicable to all employees, officers and Directors.

## **7. Director Compensation**

The form and amount of Director compensation will be determined by the Corporate Governance Committee in accordance with the policies and principles set forth in its charter and any New York Stock Exchange or other applicable rules, and that committee will conduct an annual review of Director compensation. The Corporate Governance Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels, if the Corporation makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Corporation enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

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

All new Directors must participate in the Corporation's Orientation Program, which should be conducted within two months of the annual meeting at which new Directors are elected or as soon as reasonably practicable after a new Director otherwise joins the Board. This orientation will include presentations by senior management to familiarize new Directors with the Corporation's strategic plans, its significant financial, accounting and risk management matters, its Code of Business Ethics, its principal officers, and its internal and independent auditors. All continuing Directors will also be provided with ongoing training and education in respect of these and other subjects as determined, from time to time, by the Board.

## **9. Code of Business Ethics**

The Board expects Directors to act ethically at all times and to adhere to the Corporation's Code of Business Ethics and other applicable policies.

## **10. Chief Executive Officer Evaluation and Management Succession**

The Compensation and Talent Development Committee will conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter. The Board of Directors will review the Compensation and Talent Development Committee's report in order to confirm that the Chief Executive Officer is providing effective leadership for the Corporation in the long- and short-term. At the beginning of each year, the Chief Executive Officer should make recommendations to the Compensation and Talent Development Committee regarding his or her goals and objectives for the year. The Compensation and Talent Development Committee shall review and approve the Chief Executive Officer's proposed goals and objectives, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend to the Board of Directors the Chief Executive Officer's overall compensation level based on this evaluation.

The entire Board shall be responsible for succession planning, including nominating and evaluating potential successors to the Chief Executive Officer. The Chief Executive Officer 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.

## **11. 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 Corporation and specifically focus on areas in which the Board or management believes that the Board could improve.