

## **The Stanley Works Director Independence Standards**

1. Directors Generally. A Director may only qualify as “independent” if the Company’s Board of Directors affirmatively determines that the Director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).
2. Additional Independence Criteria.
  - a. In no event will a Director be considered independent if, within the preceding three years:
    - i. the Director was employed by the Company (except as interim Chairman or CEO or other executive officer);
    - ii. an immediate family member of the Director was employed by the Company as an executive officer;
    - iii. the Director or his/her immediate family member was (but is no longer) a partner or employee of a firm that is the Company’s internal or external auditor (an “Audit Firm”) and personally worked on the Company’s audit;
    - iv. the Director, or an immediate family member of the Director, is or was employed as an executive officer of another company where any of the Company’s present executives at the same time serves or served on that company’s compensation committee; or
    - v. the Director, or an immediate family member of the Director, received during any twelve-month period more than \$100,000 in direct compensation from the Company, other than Director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service, and excluding compensation received by a Director for former service as an interim Chairman or CEO, or compensation received by an immediate family member for service as a non-executive employee of the Company.
  - b. In no event will a Director be considered independent if:
    - i. the Director is a current employee, or the Director’s immediate family member is a current executive officer, of a company (excluding tax-exempt organizations) that, within the preceding three years, made payments to or received payments from the Company for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such other company’s consolidated gross revenues (payments and the consolidated gross revenues shall be those reported in the last completed fiscal year),

- ii. the Director or an immediate family member is a current partner of an Audit Firm, or
    - iii. the Director is a current employee of an Audit Firm or has an immediate family member who (A) is a current employee of an Audit Firm and (B) participates in such firm's audit, assurance or tax compliance (but not tax planning) practice.
  - c. No director shall serve on more than four boards of other public companies and no management Director shall serve on more than two boards of other public companies.
- 3. Audit Committee Members. Audit Committee members may not have any direct or indirect financial relationship or affiliation whatsoever with the Company or any subsidiary other than as Directors or members of the Audit Committee or of other committees. No member of the Audit Committee shall serve on more than three audit committees of other public companies.