

# **BARNES GROUP INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Barnes Group Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy- and decision-making both at the Board and management level, and to enhance stockholder value over the long term. These Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or By-Laws of the Company. The Guidelines are subject to periodic review by the Corporate Governance Committee (the “Committee”) of the Board.

### **BOARD COMPOSITION**

#### **1. Selection of Chair of the Board**

The Board shall be free to choose its chair in any way it deems best for the Company at any time.

#### **2. Size of the Board**

The Board believes that it should generally have no fewer than six and no more than 12 Directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

#### **3. Selection of New Directors**

The entire Board shall be responsible for nominating candidates for election to the Board at the Company’s annual meeting of stockholders and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Committee shall be responsible for identifying, screening and recommending candidates to the entire Board for Board membership. When formulating its Board membership recommendations, the Committee shall consider any advice and recommendations offered by the Chairman of the Board, the President and Chief Executive Officer, other Directors, the stockholders of the Company or any outside advisors the Committee may retain. Stockholder nominations of candidates for election as directors must be in accordance with the Company's By-Laws, the most recent proxy statement and the Process and Procedure for Identifying Director Candidates approved by the Board (the "Identification Process").

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

An orientation process for all new Directors will be maintained. This process includes comprehensive background briefings by the Company’s executive officers and tours of facilities of the Company's businesses, as appropriate and practicable. In addition,

all Directors shall participate periodically in briefing sessions on topical subjects and in Board education programs to assist the Directors in discharging their duties.

Unless otherwise determined by the Committee, a Director must attend at least one Board education program every other year. The Company will pay for the reasonable costs associated with briefing sessions and education programs and reimburse the Directors for reasonable travel expenses. The orientation and continuing education programs, which are subject to the oversight of the Committee, are the responsibility of the Chairman of the Board and administered by the Corporate Secretary (the "Secretary").

## **5. Board Membership Criteria**

Nominees for Director shall be selected on the basis of the qualifications set forth in the Identification Process and on the basis of their:

- Character, wisdom, judgment, and integrity;
- Experience in positions with a high degree of responsibility;
- Prominence and accomplishments in areas relevant to the Company's business activities;
- Understanding of the Company's business environment;
- Strategy-development, experience in technology-laden industrial businesses, and/or other relevant firms;
- The capacity and desire to represent the interests of the Company's Stockholders as a whole;
- Commitment to maximize Stockholder value;
- The extent to which the interplay of the Nominee's skills, knowledge, expertise and diversity of background with that of the other Board members will help build a Board that is effective in collectively meeting the Company's strategic needs and serving the long-term interests of the Company or its Stockholders;
- Ability to devote sufficient time to the affairs of the Company.

Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable committee meetings. Directors are strongly encouraged to attend the annual meeting of stockholders. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as an outstanding Director.

## **6. Director Independence**

An "Independent" Director of the Company shall be one who meets the qualification requirements for being an independent director under the corporate governance listing standards of the New York Stock Exchange ("NYSE"), including the requirement that the Board must have affirmatively determined that the Director has no material relationships with the Company, either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company. To guide its determination whether or not a business or charitable relationship between the Company

and an organization with which a Director is so affiliated is material, the Board has adopted the following categorical standards:

- a. A Director will not be Independent if (i) the Director is, or was within the preceding three years, employed by the Company; (ii) an immediate family member of the Director is, or was within the preceding three years, employed by the Company as an "executive officer" (as such term is defined by the NYSE) other than on an interim basis; (iii) the Director or any immediate family member has received from the Company, during any 12 consecutive months within the preceding three years, more than \$120,000 in direct compensation from the Company, other than compensation received by an immediate family member of a Director for service as a non-executive officer employee of the Company and Director and committee fees and deferred compensation for prior service, provided, that such deferred compensation is not contingent on continued service; (iv) the Director is employed by the Company's independent auditor; (v) an immediate family member of the Director is employed by the Company's independent auditor (I) as a partner or, (II) otherwise as an employee who personally works on the Company's audit; (vi) the Director or an immediate family member was within the last three years a partner or employee of the Company's independent auditor and personally worked on the Company's audit within that time; or (vii) a Company executive officer is, or was within the preceding three years, on the board of directors of a company which, at the same time, employed the Company Director or an immediate family member of the Director as an executive officer.
- b. The following commercial and charitable relationships will not be considered material relationships that would impair a Director's independence: (i) if a Company Director is an employee, or an immediate family member is an executive officer, of another company that does business with the Company and, within any of the last three fiscal years, the annual sales to, or purchases from, the Company are less than 1% of the annual revenues of the other company; (ii) if a Company Director is an employee, or an immediate family member is an executive officer, of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than 1% of the total consolidated assets of the other company; and (iii) if a Company Director serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than 1% of such organization's total annual charitable receipts, provided, that the amount of the Company's contributions shall not include the matching of charitable contributions by Barnes Group Foundation, Inc. pursuant to the Matching Gifts Program.
- c. For relationships not covered by subsection b. above, the Directors who are Independent under the guidelines in subsection a. and b. above shall determine whether the relationship is material and, therefore, whether the Director would be Independent. The Company will explain in the next proxy statement the

basis of any Board determination that a relationship was immaterial despite the fact that it did not meet the categorical standards of immateriality in subsection b. above.

- (i) d. An Audit Committee member shall not serve simultaneously on the audit committees of more than three public companies, including the Company.

**7. Percentage of Independent Directors on Board**

Independent Directors shall constitute a majority of the Board.

**8. Board Leadership**

The Board believes that it should retain discretion to determine its leadership from time to time as it determines in the best interest of the Company and its shareholders. When the Chairman of the Board is not an Independent Director, the Independent Directors of the Board will elect annually an Independent Director to serve as Lead Independent Director. If there is a vacancy during the year, the Chair of the Audit Committee will serve as Lead Independent Director until a new Lead Independent Director is elected by the Independent Directors. The duties of the Lead Independent Director include the following:

- a. presides at all meetings of the Board at which the Chairman of the Board is not present;
- b. presides at executive sessions of the Independent Directors;
- c. serves as a liaison between the Chairman of the Board and the Independent Directors;
- d. together with the Chairman of the Board, determines the nature and scope of the information sent to the Board;
- e. approves the final meeting agendas for the Board following review by the Chairman of the Board;
- f. approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- g. has the authority to call meetings of the Independent Directors;
- h. if requested by major shareholders, ensures that he or she is available for consultation and direct communication; and

- i. other duties as requested by the Independent Directors.

**9. Retirement Age**

A Director must retire as of the annual meeting of stockholders following his or her attainment of age 75, provided, however, in the event of special circumstances as deemed by the Board, the age limit may be extended up to age 77.

**10. Directors Whose Status Changes**

Upon the occurrence of a significant change in a Director's status, including (a) his or her service on other public company or for-profit boards of directors (but excluding service on non-public company or non-profit boards of entities affiliated with his or her principal employer), (b) a significant change in his or her employment, or (c) retirement from his or her principal occupation or another public company or for-profit board of directors, the Director shall so advise the Chairman of the Board in writing. In particular, if a Director anticipates that he or she may be nominated for election as a director of another public company or for-profit entity, the Director shall so advise the Chairman of the Board in writing, in advance. In each of the foregoing circumstances, the Chairman of the Board shall confer with the Committee, and the Committee shall recommend to the Board whether such Director's continued service or acceptance of a directorship for another entity, as the case may be, is in the best interests of the Company and its stockholders. The affected Director shall be expected to act in accordance with the Board's determination.

**11. Term Limits**

The Board does not mandate term limits for its Directors.

**12. Majority Voting Policy**

**a. Uncontested elections:** In an uncontested election of Directors (i.e., an election where the number of candidates is not greater than the number of Directors to be elected), the vote required for the election of a director by the stockholders shall be as set forth in the Company's By-Laws (that is, the affirmative vote of a majority of all votes cast at such election of a candidate).

**b. Contested elections:** In a contested election (i.e., an election where the number of nominees is greater than the number of directors to be elected) of Directors, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Majority Withhold Vote") is expected to tender his or her resignation as a Director to the Board promptly following the certification of the election results. Abstentions are not considered votes "withheld" from a Director's election. The Board will nominate for election or re-election as Director only candidates who agree to tender, promptly following a failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation that will be effective upon acceptance by the Board of such resignation.

The Committee will consider the tendered resignation and recommend to the Board whether to accept or reject it. The Board will act on the tendered resignation, taking into account the Committee's recommendation, within 90 days following the certification of the election results. The Board will disclose its decision whether to accept or reject the tendered resignation (and the reasons for rejecting the tendered resignation, if applicable) promptly in a document furnished to or filed with the Securities and Exchange Commission. The Committee in making its recommendation, and the Board in making its decision, may each consider any factors or other information that it considers appropriate and relevant.

If a Director's tendered resignation is accepted by the Board, then the Board may fill the resulting vacancy or decrease the number of directors comprising the Board in accordance with the applicable provisions of the Company's By-Laws. If the Director's resignation is not accepted by the Board, the Director will continue to serve until the annual meeting of stockholders at which he or she is subject to election and until his or her successor is elected and qualified.

Any Director who tenders his or her resignation under this policy will not participate in the Committee recommendation or Board action regarding whether to accept the resignation offer. If a majority of the Directors serving on the Committee received a Majority Withhold Vote at the same election, then the Independent Directors who did not receive a Majority Withhold Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only Directors who receive the required vote in the same election constitute three (3) or fewer Directors, all Directors may participate in the action regarding whether to accept the resignation offers.

The Board may at any time in its sole discretion supplement or amend any provision of this policy in any respect, repeal the policy in whole or part or adopt a new policy relating to Director elections. The Board will have the exclusive power and authority to administer this policy, including the right and power to interpret the provisions of this policy and make all determinations deemed necessary or advisable for the administration of this policy. All such actions, interpretations and determinations which are done or made by the Board will be final, conclusive and binding.

### **13. Board Compensation**

A Director who is also an employee shall not receive additional cash compensation for service as a Director. A Director who is an employee though not an executive officer shall receive such stock-based compensation as is approved by the Board based on the recommendation of the Committee for other non-management Directors. The Committee is charged with the responsibility for periodically reviewing and recommending to the Board the form and amounts of compensation and benefits for non-management Directors. In making its recommendation, the Committee shall seek to fairly compensate Directors at levels that are competitive with other companies in the industries in which the Company competes and to align Directors' interests with the long-term interests of the Company's stockholders. In its deliberations, the Committee shall consider whether the levels of

Director compensation could impair independence and shall critically evaluate any consulting, charitable contribution or other potential indirect compensation arrangements.

**14. Stock Ownership**

The Board believes that appropriate stock ownership by Directors, Executive Officers and other key employees further aligns their interests with those of the Company's stockholders. Accordingly, the Board has established minimum stock ownership requirements for Directors, Executive Officers and other key employees.

**15. Evaluation of Board**

The Board shall be responsible for conducting a self-evaluation of the Board as a whole at least annually. The Committee shall be responsible for establishing the evaluation criteria and overseeing the implementation of the process for such evaluation.

**16. Evaluation of Committees of the Board**

The Committee shall conduct periodic reviews of each committee's contribution to the Company. The Committee shall be responsible for reviewing and synthesizing the periodic self-evaluation of the Board's committees including, in particular, the Audit, Compensation and Management Development, and Corporate Governance Committees.

**17. Board Contact with Senior Management**

Board members shall have complete access to management. Board members shall use sound business judgment to ensure that such contact is not distracting, and, if in writing, shall be copied to the President and Chief Executive Officer and the Chairman of the Board.

Furthermore, the Board encourages senior management, from time to time, to bring into Board meetings employees who: (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas; (b) represent significant aspects of the Company's business; and (c) assure the Board of exposure to employees with future potential to assure adequate plans for management succession within the Company.

**18. Access to Independent Advisors**

The Board and its Committees, including the non-management or Independent Directors when convening in executive session, shall have the right, at any time, to retain independent outside financial, compensation, legal or other advisors.

**19. Board Interaction with Institutional Investors and Press**

The Board believes that management generally should speak for the Company, consistent with all regulations governing such communications and with common sense. Each Director shall refer all inquiries from institutional investors and the press to

designated members of senior management, in accordance with the Company's Corporate Disclosure Policy.

## **BOARD MEETINGS**

### **20. Frequency of Meetings**

There shall be at least six regularly scheduled meetings of the Board each year. It is the responsibility of each of the Directors to attend the meetings of the Board and the committees on which each serves. Any Director may attend the meeting of any committee, regardless of whether he or she serves thereon.

### **21. Selection of Agenda Items for Board Meetings**

Each Board member shall be free to suggest inclusion of items on the agenda for any given meeting. The Board member should contact the Chairman of the Board or the Lead Independent Director, or the Chair of the subject committee, as the case may be, or the Secretary at least 10 days prior to the relevant meeting.

### **22. Executive Sessions of Non-Management and Independent Directors**

The non-management Directors (all those who are not “officers” of the Company, as such term is defined by NYSE listing standards) shall meet in regularly scheduled executive sessions and, if any of the non-management Directors are non-Independent, the Independent Directors should also meet in an executive session at least once a year. The Chairman of the Board, who is a non-management Director, shall preside at executive sessions of the non-management Directors. The Lead Independent Director shall preside at executive sessions of the Independent Directors. The General Counsel shall establish, maintain and publicly disclose a method for interested parties to communicate directly with the non-management Directors as a group.

### **23. Board Materials Distributed in Advance**

Information and data are important to the Board’s understanding of the business of the Company and essential to preparing Board members for productive meetings. Generally, presentation materials relevant to each meeting will be distributed in writing to the Board in advance of the meeting.

## **COMMITTEE MATTERS**

### **24. Board Committees**

The Company shall have the following standing committees: Audit, Compensation and Management Development, Corporate Governance and Executive. The duties for each of these committees shall be outlined in each committee’s charter and/or by further resolution of the Board. The Board may form new committees or disband a committee depending on circumstances. The Audit, Compensation and Management Development, and Corporate Governance Committees shall be composed entirely of Independent



Directors, and all members of the Audit Committee and Compensation Management and Development Committee shall also meet the additional independence requirements of the NYSE that are applicable to members of such committees.

**25. Assignment and Rotation of Committee Members**

The Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Committee's recommendations, the Board shall be responsible for appointing the Chairs and members to the committees on an annual basis.

The Chairman of the Board and the Committee shall annually review the committee assignments and shall consider the rotation of Chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various Directors.

**26. Reviews by Committees**

Each Board committee shall annually review its charter and recommend to the Board any changes it deems necessary. In addition to its charter, the Committee will periodically review the Corporate Governance Guidelines and recommend to the Board any changes that the Committee deems necessary.

**LEADERSHIP DEVELOPMENT**

**27. Evaluation of President and Chief Executive Officer**

The Compensation and Management Development Committee shall evaluate the President and Chief Executive Officer (the "CEO"). Annually, the Compensation and Management Development Committee shall review and approve corporate goals and objectives relevant to the compensation for the CEO, including with respect to compensation practices of an appropriate group of comparator companies; evaluate the performance of the CEO in light of those goals and objectives; and set the compensation level of the CEO based on this evaluation. Compensation includes, without limitation, salary, health and welfare benefits, pension, and other employee benefits and perquisites.

**28. Succession Planning**

The Compensation and Management Development Committee, with due regard for the CEO's recommendations, shall, at least annually, review the current management and identify possible successors to senior management, including the CEO. In particular, the Compensation and Management Development Committee shall discuss with the Board defined plans for succession in the event of an emergency or retirement of the CEO.

**29. Management Development**

The Compensation and Management Development Committee shall periodically review the principal programs for executive development and succession planning and report to the Board, at least annually, regarding the Company's processes for management development and succession planning.

## **ETHICS AND RELATED PERSON TRANSACTIONS**

### **30. Ethics**

Directors are expected to act in compliance with these Guidelines and the spirit of the Company's Code of Business Ethics and Conduct.

### **31. Related Person Transactions**

The Company's Policy on Related Person Transactions defines the policies and procedures for the Committee's review and, if required, approval or ratification of transactions between the Company and related persons including Directors and their immediate family members. All related person transactions shall be in the best interests of the Company and its stockholders. Annually, each Director and executive officer shall acknowledge his or her familiarity and compliance with the Policy on Related Person Transactions.

## **STOCKHOLDER COMMUNICATIONS WITH DIRECTORS**

### **32. Stockholder Communications**

If a stockholder wishes to communicate directly with the Board, a Committee of the Board, the independent Directors or with an individual Director, he or she should send the communication to:

Barnes Group Inc.  
The Board of Directors [or Committee name, independent Directors or Director's name, as appropriate]  
c/o Senior Vice President, General Counsel and Secretary  
123 Main Street  
Bristol, Connecticut 06010

The Company will forward all stockholder correspondence to the Board, Committee or individual Director(s), as appropriate.

## **STOCKHOLDER RIGHTS POLICY**

### **33. Stockholder Rights Plan**

A stockholder rights plan provides an opportunity for negotiation during a hostile takeover attempt, which can enable the Board to better protect the interests of all stockholders.

The Board has adopted a written policy that it shall obtain stockholder approval before adopting a stockholder rights plan; provided, however, that the Board may determine to act on its own to adopt a rights plan, if the Board, including the majority of the independent members of the Board, in its exercise of its fiduciary duties, deems it not to be in the best interest of stockholders to submit such a plan to a stockholder vote under the circumstances then existing.

If the Board were to adopt a rights plan without prior stockholder approval, the Board would either submit the rights plan to stockholders for ratification, or the rights plan would expire, within one year of its adoption.

The Committee shall review this policy from time to time, and report to the Board any recommendation it may have concerning the policy.

Rev. APPROVED BY BOARD OF DIRECTORS 2/7/2017