

## **LINCOLN ELECTRIC HOLDINGS, INC.**

### **DIRECTOR INDEPENDENCE STANDARDS**

The Board of Directors of Lincoln Electric Holdings, Inc. has adopted the following Director Independence Standards to assist the Nominating and Corporate Governance Committee of the Board in determining the independence of a director. To be considered “independent,” the Nominating and Corporate Governance Committee of the Board must affirmatively determine, after due deliberation, that the director has no direct or indirect material relationship with Lincoln Electric Holdings, Inc. or any of its executive officers that may impair, or appear to impair, the director’s ability to make independent judgments and that the director otherwise satisfies the standards of “independence” applicable to directors of NASDAQ-listed companies. Except as otherwise noted below, the “Company” includes Lincoln Electric Holdings, Inc. and all entities that Lincoln Electric Holdings, Inc. controls and consolidates with its financial statements. In each case, the committee shall broadly consider all relevant facts and circumstances, and shall apply the following standards:

1. In no event will a director be considered “independent” if:
  - A. The director is, or at any time during the past three years was, employed by the Company, provided that employment as an interim Chairperson, President and/or Chief Executive Officer will not disqualify a director from being considered independent after such employment;
  - B. The director accepted or has an immediate family member who accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
    - i. compensation for Board or Board committee service and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
    - ii. compensation paid to a director for former service as an interim Chairperson, President and/or Chief Executive Officer;
    - iii. compensation paid to an immediate family member who is an employee (other than an executive officer) of the Company; or
    - iv. benefits under a tax-qualified retirement plan or non-discretionary compensation.
  - C. The director is an immediate family member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer;
  - D. The director is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is greater, other than the following:

- i. payments arising solely from investments in the Company's securities; or
    - ii. payments under non-discretionary charitable contribution matching programs;
  - E. The director is, or has an immediate family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serves or has served on the compensation committee of such other entity; or
  - F. The director is, or has an immediate family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.
2. Audit Committee members may not, other than in his or her capacity as a member of the audit committee, the Board or any other Board committee (i) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company, provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); or (ii) be an affiliated person of the Company.
3. The following relationships will not be considered to be material relationships that would impair, or appear to impair, a director's independence:

A. *Business Relationships*

- i. If the director is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years where (a) the amount involved in such transaction was less than 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is greater; and (b) the director (or his/her immediate family member) was not involved in the negotiations of the terms of the transaction and did not receive any special benefits as a result of the transaction;
- ii. If the director is, or has an immediate family member who is, a director of any organization to which the Company has made, or from which the Company has received, payments for property or services, and the director (or his/her immediate family member) was not involved in the negotiations of the terms of the transaction and did not receive any special benefits as a result of the transaction; or
- iii. If the director, or an immediate family member of the director, serves as a partner of a law firm that has received payments from the Company, in any of the last three fiscal years, for legal services in an amount which is less than \$200,000 or 5% of such firm's annual gross revenues, whichever is greater, so long as such director or immediate family

member does not directly provide legal services to the Company and the director or immediate family member is not compensated directly or indirectly as a result of this relationship other than that the payments add to the revenue of the law firm.

- B. *Charitable Relationships.* If the director, or an immediate family member of the director, serves as an officer, director or trustee of a foundation, university, charitable or other not for profit organization, and the Company's discretionary charitable contributions to the organization, in the aggregate, are less than \$200,000 or 5% of that organization's latest publicly available annual consolidated gross revenues, whichever is greater.
  - C. *Social Relationships.* If the director is a member of, or associated with, the same professional association, or social, educational, civic, charitable, fraternal or religious organization or club as another Company director or executive officer.
  - D. *Board Relationships.* If the director serves on the board of directors of another company at which another Company director or executive officer also serves on the board of directors (except as set forth in paragraph 1 above regarding compensation committee interlocks).
4. For relationships not covered by the categorical standards in paragraphs 1 through 3, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who satisfy the standards set forth in paragraphs 1 through 3. The Company will explain in its next proxy statement the basis for any determination that a relationship is immaterial despite the fact that it does not meet the categorical standards set forth in paragraphs 1 through 3 above.
  5. The Nominating and Corporate Governance Committee of the Board shall review the independence of each director annually (or more frequently as may be necessary due to changes in directors' circumstances) and report its determinations to the Board. In advance of the meeting at which this review occurs, each director shall be asked to provide the committee with full information regarding the director's (including immediate family members') business, charitable and other relationships with the Company, any of the Company's executive officers and any affiliates of the Company to enable the committee to evaluate the director's independence.
  6. Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation as "independent." This obligation includes all business, charitable and other relationships between directors (including immediate family members) and the Company, any of the Company's executive officers and any affiliates of the Company.
  7. For purposes of these Director Independence Standards:
    - A. "Immediate family member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such individual, and any person (other than a tenant or domestic employee) sharing the household of such individual. When applying any look-back provisions under these standards, directors need not

consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

- B. “Executive officer” means the president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division or function (such as sales, administration or finance), or any other person who performs similar policy-making functions for an organization.
- C. “Affiliate” or “affiliated person” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.
  - i. For purposes of paragraph 2 above, a person will be deemed not to be in control of a specified person for purposes of this definition if the person:
    - a. Is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the specified person; and
    - b. Is not an executive officer of the specified person.
  - ii. Clause (i) of this definition only creates a safe harbor position that a person does not control a specified person. The existence of the safe harbor does not create a presumption in any way that a person exceeding the ownership requirement in Clause (i) of this definition controls or is otherwise an affiliate of a specified person.
  - iii. For purposes of paragraph 2 above, the following will be deemed to be affiliates:
    - 1. An executive officer of an affiliate;
    - 2. A director who also is an employee of an affiliate;
    - 3. A general partner of an affiliate; and
    - 4. A managing member of an affiliate.

December 13, 2018