

## CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines (the “*Guidelines*”) have been adopted by the Board of Directors (the “*Board*”) of Actuant Corporation (the “*Corporation*”) 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 shareholder 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 Wisconsin Business Corporation Law, or the Articles of Incorporation or Bylaws of the Corporation. The Guidelines are subject to periodic review by the Nominating and Corporate Governance Committee (the “*Committee*”) of the Board and to modification from time to time by the Board.

The business of the Corporation is conducted by its employees and officers, under the direction of the Chief Executive Officer, and the oversight of the Board. In addition to its general oversight of management, the Board also performs a number of specific functions, including: working with management to review, monitor and, where appropriate, approve fundamental financial and business strategies and major corporate actions; selecting, evaluating and compensating the Chief Executive Officer and overseeing Chief Executive Officer succession planning; overseeing the integrity of the Corporation’s financial statements; and assessing major risks facing the Corporation and reviewing options for their mitigation.

### BOARD COMPOSITION

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

The Board at its discretion may choose its Chair in any way that the Board determines. The Board believes that whether to have the same person occupy the offices of Chair and Chief Executive Officer should be decided by the Board, from time to time, in its business judgment after considering relevant factors and circumstances.

#### 2. Lead Independent Director

Whenever the Chair is not an independent director, a majority of the independent directors then in office will select a Lead Independent Director from among the independent directors. The Committee shall provide its recommendation as to which independent director should serve as the Lead Independent Director. The Lead Independent Director will:

- Preside at all meetings of the Board at which the Chair is not present, including the executive sessions of independent directors;
- Have the authority to call meetings of the independent directors;
- Act as a liaison as necessary between the independent directors and any management director;
- Advise with respect to appropriate scheduling and agendas for Board meetings; and

- Act as the principal liaison for communication by shareholders and employees directed specifically toward independent directors.

### **3. Size of the Board**

The Board believes that it should generally have no fewer than seven members. This number permits diversity of experience without hindering effective discussion or diminishing individual accountability.

### **4. Selection of New Directors**

The entire Board shall be responsible for nominating candidates for election to the Board at the Corporation's annual meeting of shareholders and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Committee is responsible for identifying, screening and recommending candidates to the entire Board for Board membership. When formulating its Board membership recommendations, the Committee shall also consider any advice and recommendations offered by the Chief Executive Officer, directors or the shareholders of the Corporation or any outside advisors the Committee may retain.

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

An orientation process for all new directors will be maintained. This process will include comprehensive background briefings by the Corporation's executive officers. The orientation program is the responsibility of the Chief Executive Officer. The Corporation's management periodically advises directors of continuing education opportunities, directors are encouraged to attend such programs as they deem appropriate and the Corporation will bear a director's cost of attending one such program annually.

### **6. Board Membership Criteria**

Nominees for director shall be selected on the basis of experience; integrity; absence of conflict of interest; ability to make independent analytical inquiries; understanding of the Corporation's business environment; and willingness to devote adequate time to Board duties. In evaluating director nominees, the Committee also considers the following factors:

- The needs of the Corporation with respect to the particular talents and experience of its directors;
- The knowledge, skills and experience of nominees;
- Familiarity with national and international business matters;
- Experience with accounting rules and practices;
- The desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members; and
- The appropriate size of the Corporation's board of directors.

Board members are expected to diligently prepare for, attend, and participate in all Board and applicable committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director.

The Committee shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members.

The Board shall be committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise.

The Board shall be committed to satisfying qualification requirements for committee members as established by law, regulation or New York Stock Exchange (NYSE) listing requirements.

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

Independent directors shall constitute a majority of the Board.

**8. Board Definition of Director Independence**

An independent director is one who is free from any relationship that would interfere with the exercise of independent judgment as a director and who meets the qualification requirements for being an independent director under the corporate governance listing standards of the NYSE. No officer or employee of the Corporation or its subsidiaries nor any immediate family member of any officer or employee of the Corporation or its subsidiaries shall qualify as an independent director. A director who is an executive officer of another corporation or is an immediate family member of an executive officer of another corporation where any of the Corporation's executives serves on that corporation's compensation committee shall not qualify as an independent director. A director who is affiliated with the Corporation's independent auditor or former auditor or is an immediate family member of such an affiliated person shall not qualify as an independent director. An individual (a) who is a partner, controlling shareholder, or executive officer or is an immediate family member of a partner, controlling shareholder, or executive officer of an organization (including a charitable organization) that has a business relationship with the Corporation that is material either to the director or to the Corporation or (b) who has a direct business or audit relationship or has an immediate family member with a direct business relationship with the Corporation that is material either to the director or to the Corporation, may not serve as an independent member of the Board. The materiality of the business relationship shall be determined by the Committee, and its determination shall be final. Further, an individual may not serve as an independent member of the Board for a period of three years following the termination of any of the relationships delineated above.

**9. Retirement Age**

No director after having attained the age of 72 years shall be nominated for re-election or reappointment to the Board, without the prior recommendation of the Committee.

**10. Directors Who Change Their Present Job Responsibility**

Each director will notify the Committee if the director has a change in other directorships. A director who has a material change in employment circumstances will submit a resignation from the Board, to be effective upon acceptance by the Committee in its discretion. The Committee shall review the continued appropriateness of Board membership if a Board member has a material change in employment circumstances and determine whether to accept the tendered resignation.

**11. Director Compensation**

Director compensation shall be reviewed annually as determined by the Compensation Committee. The Corporation believes that compensation for non-employee directors should be competitive. Further, the Corporation believes is in the best interest of its shareholders that a portion of annual director compensation be based on Corporation stock.

In its deliberations, the Committee and the Board shall consider whether the levels of director compensation could impair independence and shall critically evaluate any consulting, charitable contribution or other potential or indirect compensation arrangements.

The Corporation's employees shall not receive additional compensation for their service as directors.

**12. Evaluation of Board**

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

**13. Evaluation of Committees of the Board**

The Committee shall conduct periodic reviews of each committee's contribution to the Corporation. In its review of the committees, the Committee shall review each committee's objectives, as stated at the beginning of each fiscal year, and compare those stated objectives to the results at the end of that year.

**14. Board Contact with Senior Management**

Board members shall have reasonable access to senior management of the Corporation, in such manner as does not unduly interfere with their management responsibilities, or as otherwise approved by the Chair.

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

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

The Board believes that management generally should speak for the Corporation, consistent with all regulations governing such communications and with common sense. Unless otherwise agreed to or requested by the Chair, each director shall refer all inquiries from institutional investors and the press to designated members of senior management or to the Chair.

**16. Communications.**

The Board shall work with management to establish and maintain a mailbox for direct communication with non-employee directors and disclose communication procedures in public reports. The Lead Independent Director will review all such communications and discuss with the independent directors.

**17. Term Limits.**

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing 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. As an alternative to term limits, the Committee annually reviews each director's continuation on the board.

**18. Compliance.**

Each director shall comply with the applicable provisions of the Corporation's Code of Business Conduct and Ethics.

**19. Minimum Stock Ownership.**

The Board believes that non-management directors should hold a significant equity interest in the Corporation. The Board therefore expects that each director own, within five years after the later of first becoming a director, shares of common stock of the Corporation with a value equal to five times his or her annual Board retainer. The Board recognizes that exceptions to this policy may be necessary or appropriate in individual situations and may approve such exceptions from time to time.

**20. Former CEO's Board Membership.**

When the CEO retires or resigns from that position, he or she should offer his or her resignation from the Board and all committees thereof. The Committee shall assess the appropriateness of the former CEO remaining on the Board.

**21. Confidentiality Policy.**

Pursuant to their fiduciary duties of loyalty and care, directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board to disclose such information.

Accordingly,

- (a) no director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Corporation; and
- (b) no director shall disclose Confidential Information outside the Corporation (which prohibits a director designated by any other person or entity from disclosing Confidential Information to such person or entity), either during or after his or her service as a director of the Corporation, except with authorization of the Board or as may be otherwise required by law (in which event a director shall promptly advise the Chair of such anticipated disclosure and take all reasonable steps to minimize the disclosure of such Confidential Information).

“*Confidential Information*” is all non-public information entrusted to or obtained by a director by reason of his or her position as a director of the Corporation. In addition to information regarding Board meetings or deliberations, Confidential Information includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Corporation or its customers if disclosed, such as:

- non-public information about the Corporation’s financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock splits and divestitures;
- non-public information concerning possible transactions with other companies or information about the Corporation’s customers, suppliers or joint venture partners, which the Corporation is under an obligation to maintain as confidential; and
- non-public information about discussions and deliberations relating to issues and decisions related to the business, between and among employees, officers and directors.

**BOARD MEETINGS**

**22. Frequency of Meetings**

There shall be at least four regularly scheduled meetings of the Board each year. It is the responsibility of the directors to attend the meetings.

Each director is expected to attend the Annual Meeting of Shareholders of the Corporation.

**23. Selection of Agenda Items for Board Meetings**

The Chair of the Board shall prepare an agenda of items to be considered by the Board at each of its specified meetings during the year. Each Board member shall be encouraged to suggest inclusion of items on the Agenda for any given meeting.

**24. Strategic Discussions at Board Meetings**

The business of the Corporation is managed under the direction of the Board. Normally it is management's job to formalize, propose and implement strategic choices, and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and Board members. To facilitate such discussions, the Board conducts an annual review of the Corporation's long-term strategic plans and principal issues. Periodically during the year, the Board receives strategy updates from members of senior management of the Corporation.

**25. Outside Directors' Discussion**

The Board's policy is to have a separate meeting time for (i) the non-employee directors in conjunction with the regularly scheduled Board meetings and (ii), if any of the non-management directors are non-independent, the independent directors in conjunction with the regularly scheduled Board meetings. Any non-employee director or independent director designated by the other non-employee directors or independent directors, as the case may be, will assume the responsibility of chairing the regularly scheduled meetings of outside directors and shall bear such further responsibilities which the outside directors as a whole might designate from time to time and will serve as the interface between the outside directors and the Chief Executive Officer in communicating the matters discussed during the session.

**26. Executive Sessions**

The non-employee directors may meet with each of the Corporation's independent external auditors, internal auditors and general counsel to discuss pending financial and compliance matters.

**27. Board Materials Distributed in Advance**

Information and data is important to the Board's understanding of the business and essential to prepare Board members for productive meetings. Presentation materials relevant to each meeting will be distributed in writing to the Board in advance of the meeting unless doing so would compromise the confidentiality of competitive information or is impracticable. Management will make every effort to provide presentation materials that are brief and to the point, yet communicate the essential information.

**28. Access to Independent Advisors**

The Board and the committees have the right at any time to retain independent outside advisors. The Corporation will provide appropriate funding, as determined by the Board or any committee, to compensate those outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties. Board members will notify the Chair or, if the Chair is not an independent director, the Lead Independent Director prior to retaining any outside advisors.

**29. Confidentiality**

The proceedings and deliberations of the Board and its Committees are confidential and each director shall maintain the confidentiality of the proceedings and deliberations and any Confidential Information received or which a director may have access to in connection with his or her service as a director, in accordance with the Corporation's Confidentiality Policy set forth herein.

**COMMITTEE MATTERS**

**30. Number and Names of Board Committees**

The Corporation shall have three standing committees: Audit, Compensation and Nominating and Corporate Governance. The duties for each of these committees shall be outlined in each committee's charter and by resolution of the Board. The Board may form additional committees as deemed appropriate. The committees regularly report to the Board on their proceedings.

**31. Independence of Audit, Compensation and Nominating and Corporate Governance Committees**

The Audit, Compensation and Nominating and Corporate Governance Committees shall be composed entirely of independent directors.

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

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

The Chair and the Committee shall annually review the Committee assignments and shall consider the rotation of 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.

**33. Annual Review by Committee**

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 annually review the Corporate Governance Guidelines and recommend to the full Board any changes it deems necessary.

**LEADERSHIP DEVELOPMENT**

**34. Evaluation of Chief Executive Officer**

The Board shall conduct an ongoing evaluation of the Chief Executive Officer. The evaluation of the Chief Executive Officer is accomplished through the following process:

- The Chief Executive Officer meets with the Compensation Committee to develop appropriate goals and objectives for the next year, which are then discussed with the entire Board.
- At year end, the Compensation Committee, with input from the Board, evaluates the performance of the Chief Executive Officer in meeting those goals and objectives.
- This evaluation is communicated to the Chief Executive Officer.
- The Compensation Committee uses this evaluation in determining the Chief Executive Officer's compensation.

**35. Succession Planning**

The Corporation understands the importance of succession planning. Therefore, the Compensation Committee, along with the Chief Executive Officer, shall analyze the current management, identify possible successors to senior management, and timely develop a succession plan. The plan shall then be reviewed by the entire Board, and reviewed periodically thereafter.

**36. Management Development**

The Board, with the assistance of the Compensation Committee, shall periodically review the plans for the education, development, and orderly succession of senior and mid-level managers throughout the Corporation.

**CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS**

**37. Conflicts of Interest and Related Party Transactions**

If a director, directly or indirectly, has a financial or personal interest in a contract or transaction to which the Corporation is to be a party, or is contemplating entering into a transaction that involves use of corporate assets or competition against the Corporation, the director is considered to be "interested" in the matter. The director should contact the Chief

Executive Officer, the Corporate Secretary or the Chairman of the Audit Committee. The director's involvement or interest will be reviewed by the Corporation's general counsel, and then referred for resolution to the Audit Committee. Interested directors should be identified and/or disclosed, and they shall not participate in any discussion or any vote relating to the matter in which they have been deemed to be interested. The decision of the Audit Committee on all matters of "interest" shall be final. Attached hereto as Exhibit A is the Corporation's Related Party Transaction Policy and Procedures.

**RELATED PARTY TRANSACTION POLICY AND PROCEDURES**

**POLICY**

The Corporation recognizes that related party transactions present a heightened risk of conflicts of interest (or the perception thereof) and therefore the Corporation has adopted this policy pursuant to which all Related Party Transactions shall be subject to approval or ratification in accordance with the procedures set forth in this policy.

For the purposes of this policy, a “Related Party Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Corporation (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Party (as defined below) had, has or will have a direct or indirect interest.

**PROCEDURES**

**Audit Committee Approval**

The Audit Committee shall review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party and the extent of the Related Party’s interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of Corporation’s Code of Business Conduct and Ethics (the “Code”), and either approve or disapprove the Related Party Transaction. Any Related Party Transaction shall be consummated and shall continue only if the Audit Committee has approved or ratified such transaction in accordance with the guidelines set forth in this Policy. If advance Audit Committee approval of a Related Party Transaction requiring the Audit Committee’s approval is not practicable, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the Chair of the Audit Committee subject to ratification of the transaction by the Audit Committee at the Audit Committee’s next regularly scheduled meeting; provided that if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such transaction.

Management shall present to the Audit Committee each proposed Related Party Transaction, including all relevant facts and circumstances relating thereto and shall update the Audit Committee as to any material changes to any approved or ratified Related Party Transaction and shall provide a status report at least annually at a regularly scheduled meeting of the Audit Committee of all then current Related Party Transactions.

No director may participate in approval of a Related Party Transaction for which he or she is a Related Party.

## Pre-Approved Transactions

The Audit Committee has reviewed and pre-approved each of the following types of Related Party Transactions, which shall be deemed to be approved or ratified, as applicable, under this policy:

1. Compensation
  - (a) to an executive officer [or director] of the Corporation if the compensation is required to be reported in the Corporation's proxy statement pursuant to Item 402 of Regulation S-K; or
  - (b) to an executive officer of the Corporation, if such compensation would have been required to be reported under Item 402 as compensation earned for services to the Corporation if the executive was a "named executive officer" in the proxy statement and such compensation has been approved, or recommended to the Board for approval, by the Compensation Committee.
2. Transactions that are in the Corporation's ordinary course of business and where the interest of the Related Party arises only:
  - (a) from the Related Party's position as a director of another corporation or organization that is a party to the transaction; or
  - (b) from the direct or indirect ownership by such Related Party and all other Related Parties, in the aggregate, of less than a 5% equity interest in another person (other than a partnership) which is a party to the transaction; or
  - (c) from both such position described in (a) and such ownership described in (b); or
  - (d) from the Related Party's position as a limited partner in a partnership in which the Related Party and all other Related Parties, in the aggregate, have an interest of less than 5%, and the Related Party is not a general partner of and does not have another position in the partnership.
3. Transactions that are in the Corporation's ordinary course of business and where the interest of the Related Party arises solely from the ownership of a class of equity securities in the Corporation and all holders of such class of equity securities of the Corporation will receive the same benefit on a pro rata basis.
4. Transaction involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

## Interpretation

This Policy is intended to comply with Item 404 of Regulation S-K. Notwithstanding anything herein to the contrary, this Policy shall be interpreted only in such a manner as to comply with Item 404 of Regulation S-K. In the event that a Related Party Transaction would constitute a conflict of interest or a corporate opportunity under the Code, the provisions of the Code also shall apply to such Related Party Transaction. Any such Related Party Transaction may not be approved hereunder unless it is also approved in accordance with the provisions of the Code and disclosed to the public to the extent required by law or the rules of the New York Stock Exchange.

## 5. DEFINITIONS

For purposes of this policy, a “Related Party” is:

1. any person who is, or at any time since the beginning of the Corporation’s last fiscal year was, a director or executive officer of the Corporation or a nominee to become a director of the Corporation;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Corporation’s voting securities;
3. any immediate family member of any of the foregoing persons, which 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 the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and
4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.