

**BECTON, DICKINSON AND COMPANY (BD)**

**STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES**

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## **BECTON, DICKINSON AND COMPANY (BD)**

### **STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES**

#### **THE BOARD OF DIRECTORS**

**Board Independence.** It is BD's policy that the Board be composed predominantly of independent directors, thereby ensuring their availability to serve on the Audit, Compensation and Management Development, and Corporate Governance and Nominating Committees. No more than two members of BD's management, or persons who held BD management responsibilities within the preceding three years, may be members of the Board at any given time.

**Board Size.** The Board periodically reviews its size to consider the number of directors that is most effective for its operation, within the range authorized by BD's Certificate of Incorporation, which is between three and twenty-one members. In general, the Board believes that its appropriate size consists of between ten and fifteen members, recognizing that circumstances may result in the Board periodically consisting of a slightly greater or lesser number of directors than the Board targets.

**Chairman of the Board and Chief Executive Officer Roles.** The Board does not have a policy on whether the roles of the Chairman and the Chief Executive Officer should be separate or combined, or, if they are to be separate, whether the Chairman should be selected from the independent directors. The Board believes it is important to retain the flexibility to allocate the responsibilities of the offices of the Chairman and the Chief Executive Officer in such a manner as the Board considers to be in the best interests of BD at the time, considering the individuals involved and the specific circumstances facing BD.

#### **Board Leadership; Lead Director.**

- (a) The Board notes that all directors ultimately are elected by the shareholders, and all have an equal voice. The Board is free, should the need arise, to call upon any one or more directors to provide leadership in a given situation. The Board understands that leadership in certain subject areas falls to the committee chair(s) responsible for the subject matter giving rise to the need, and that the chairs function as the committee liaisons to the Chairman and the rest of the Board.
- (b) The Board also believes that at such times as the Chairman is not an independent director, it is appropriate and necessary for the independent directors to designate, from among their number, a Lead Director. It is intended that the Lead Director will, subject to re-election to the Board by the shareholders, serve in that role for a minimum of three years, with recognition of the need for periodic rotation. The Corporate Governance and Nominating Committee, with input from the other

independent directors, reviews the performance of the Lead Director at least annually and recommends to the Board any change in the Lead Director it deems appropriate.

The Lead Director shall (i) preside over all meetings of the Board at which the Chairman is not present, including executive sessions in which the non-management directors meet without any management present, and at such other times as the Board deems appropriate; (ii) have the authority to call meetings of the independent directors; (iii) consult on and approve Board meeting agendas; (iv) consult on and approve Board meeting schedules to ensure there is sufficient time for discussion of all agenda items; (v) together with the Chair of the Compensation and Management Development Committee, coordinate the evaluation of the performance of the Chief Executive Officer by the non-management directors; (vi) serve as a liaison between the non-management members of the Board and the Chairman, and as a contact person to facilitate communications by BD's employees, shareholders and others with the non-management members of the Board; (vii) approve information provided to the Board; and (viii) if requested by major shareholders, ensure that he or she is available for consultation and direct communication.

**Determination of Director Independence.** The Board affirmatively determines each director's independence on an annual basis (including for purposes of membership on the Audit, Compensation and Management Development, and Corporate Governance and Nominating Committees) based on applicable requirements of the Securities and Exchange Commission ("SEC"), the NYSE, and these Principles. An "independent" director is defined to mean a director who has none of the relationships with BD set forth in paragraph (a) below, and otherwise has no direct or indirect material relationship with BD or its management (either directly or as a partner, shareholder, principal or officer of an organization (including any parent or subsidiary in a consolidated group with the organization) that has a relationship with BD) that would interfere with the exercise of independent judgment by such director. However, the Board believes all directors should hold meaningful equity ownership positions in BD, which will not affect a director's independence. The Board, in its business judgment, will determine, based on all relevant facts and circumstances and in a manner consistent with the guidelines set forth below, whether a director has a relationship with BD or its management that would interfere with such director's exercise of his or her independent judgment. The following guidelines will be followed by the Board in determining director independence:

- (a) Consistent with the applicable NYSE listing standards, under any circumstances, a director is not independent if:
  - (i) the director is, or within the last three years was, employed by BD;
  - (ii) an immediate family member (as defined below) of the director is, or within the last three years was, employed by BD as an executive officer;

- (iii) the director or an immediate family member of the director received more than \$120,000 in direct compensation from BD during any twelve-month period within the last three years, 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);
  - (iv) (A) the director is a current partner or employee of a firm that is BD's internal or external auditor; (B) an immediate family member of the director is a current partner of that firm; (C) an immediate family member of the director is a current employee of that firm and personally works on BD's audit; or (D) the director or an immediate family member was, within the last three years, a partner or employee of that firm and personally worked on BD's audit within that time;
  - (v) the director or an immediate family member of the director is, or within the last three years was, employed as an executive officer of a company where any of BD's present executive officers at the same time serves or served on the compensation committee of that company's board of directors; or
  - (vi) the director is a current employee, or an immediate family member of the director is a current executive officer, of a company that made payments to, or received payments from, BD for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1,000,000 or two percent of the consolidated gross revenues of the other company.
- (b) The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence:
- (i) if the director or an immediate family member of the director currently is a director, trustee, general partner, executive officer or controlling shareholder of, or is otherwise currently affiliated with, another company that is indebted to BD, or to which BD is indebted, and the total amount of either company's indebtedness to the other does not exceed: (A) one percent of the total consolidated assets of BD as of the end of its most recently completed fiscal year or (B) one percent of the total consolidated assets of the other company as of the end of its most recently completed fiscal year;
  - (ii) if the director or an immediate family member of the director currently is an executive officer, general partner or director of, or is otherwise currently affiliated with, another company in which BD owns an equity interest, and the amount of the equity interest held by BD is less than 10% of the outstanding voting securities of the other company;
  - (iii) if the director or an immediate family member of the director currently serves as an executive officer, director or trustee of, or is otherwise currently affiliated

with, a charitable organization, and BD's annual charitable contributions to that organization (excluding contributions by BD under its established Matching Gift Program) are less than the greater of \$1,000,000 or two percent of that organization's consolidated gross revenues in its most recent fiscal year; and

- (iv) if the director or an immediate family member of the director is a current director, trustee, or controlling shareholder of, or is otherwise currently affiliated with, a company or professional entity (including any law firm or investment banking firm) that made payments to, or received payments from, BD for property or services in an amount which, in any of the last three fiscal years, do not exceed the greater of \$1,000,000 or two percent of the consolidated gross revenues of the other company or entity.
- (c) For relationships not covered by the "safe harbor" guidelines contained in paragraph (b) above, the determination of whether or not the relationship is material, and, therefore, whether the director is independent, will be made by the directors (excluding the director with the relationship) who satisfy the independence guidelines set forth in this Principle.

For purposes of these guidelines, an "immediate family member" includes a director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such director's home. An immediate family member does not include individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

Subject to paragraph (a), the Board may determine that a director who has a relationship that exceeds the limits described in paragraph (b) is nonetheless independent. The basis for any such determination will be explained in BD's next annual proxy statement.

Each independent director is required to notify the Chair of the Corporate Governance and Nominating Committee, as soon as reasonably practicable, of any change in his or her personal circumstances that may affect such director's independence. The Board, upon recommendation from the Corporate Governance and Nominating Committee, will consider the matter and the necessity of taking any action.

**Composition of the Board and Board Membership Criteria; Selection of New Directors.** The Corporate Governance and Nominating Committee is responsible for recommending for Board consideration candidates for election to the Board, including the re-nomination of incumbent directors. The Corporate Governance and Nominating Committee reviews with the Board the challenges and needs of the Board as a whole, and makes recommendations based on its assessment of the overall composition of the Board.

When considering director candidates, the Corporate Governance and Nominating Committee seeks persons of high integrity who possess independence, forthrightness, inquisitiveness, good judgment and strong analytical skills. Candidates should demonstrate a commitment to devote the time required for Board duties including, but not limited to, attendance at meetings. Candidates should also be individuals who possess a team-oriented ethic consistent with BD's Core Values, and who are committed to the interests of all shareholders and stakeholders, as opposed to those of any particular constituency.

When considering director candidates, the Corporate Governance and Nominating Committee will also seek individuals with backgrounds and qualities that, when combined with those of other directors, will provide a blend of skills and experience that will enhance the Board's effectiveness and further BD's strategic interests. The Corporate Governance and Nominating Committee may utilize a variety of means to identify prospective nominees for the Board. These may include referrals from other Board members, management, shareholders and other external sources (including retained executive search firms). The Corporate Governance and Nominating Committee utilizes the same criteria for evaluating candidates irrespective of their source. As stated in BD's annual proxy statement, shareholders wishing to submit a candidate for consideration should submit a written statement of the qualifications of the proposed nominee, including full name and address, to the Corporate Secretary, Becton, Dickinson and Company, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880.

### **Board Diversity**

The Board believes that having members with a diverse mix of viewpoints, insights and perspectives is critical to board effectiveness, and seeks to have the Board composed of directors that collectively possess a wide range of relevant business and financial expertise, industry knowledge, management experience and prominence in areas of importance to BD. The Board believes that gender and minority representation is an important element in achieving the broad range of perspectives that the Board seeks among its members, and is also important for promoting the culture of inclusion and diversity at BD. To that end, it is the policy of the Board that diverse candidates be included in any pool from which new directors are selected.

### **Changes in Directors' Primary Responsibilities; Outside Commitments**

- (a) It is BD's policy that every director, including any management director, must notify the Chairman and the Lead Director of his or her retirement, of any change in employer, and of any other significant change in the director's principal professional occupation, and in connection with any such change, submit a written offer to resign from the Board for consideration by the Corporate Governance and Nominating Committee. The Board, upon recommendation from the Corporate Governance and Nominating Committee, then considers the continued appropriateness of the

director's Board membership under the new circumstances and the action, if any, to be taken with respect to the offer to resign.

- (b) As a corollary, it is BD's policy that every director should seek the consent of the Chairman (or, if the Chairman is seeking the consent, the Lead Director) and of the Corporate Governance and Nominating Committee, and confirm the absence of any material actual or potential conflict (or, in the event of a potential conflict, the manner in which appropriate information will be provided to the Board to assure any potential conflict is properly managed), prior to accepting any invitation to serve on another corporate or not-for-profit board or with a government or advisory group.
- (c) While a director's service on the boards of other publicly-traded companies may provide experience that benefits both the director and BD, directors are expected to devote sufficient time to fulfill their duties as directors effectively. Accordingly, while a non-management director may serve on the board of directors of publicly-traded companies in addition to the BD Board, it is BD's policy that such service should be limited to three companies (including BD) if a director is employed on a full-time basis, or four (including BD) if he or she is not, so as not to conflict with his or her responsibilities as a director of BD.
- (d) No director who is a member of BD's Audit Committee may, at the same time, serve on the audit committees of more than two other publicly-traded companies, unless the Board determines that such simultaneous service would not impair such director's ability to effectively serve on BD's Audit Committee.

**Director Retirement Policy; Term Limits.** It is BD's policy that directors retire from the Board effective at the conclusion of the Annual Meeting of Shareholders following their seventy-fifth birthday. Under special circumstances, the Board may approve exceptions to this policy. The Board believes, however, that any exceptions should be rare.

It is BD's policy to avoid term limits for directors, which have the disadvantage of discontinuing the availability and contributions of directors who have developed experience with, and insight into, BD and its needs over a period of time or provide a particular expertise.

**Director Emeritus.** The Board may, from time to time, appoint one or more of BD's former directors as Director Emeritus, who will serve at the pleasure of the Board. It is the Board's intention that appointment of a Director Emeritus will occur only in exceptional cases. A Director Emeritus serves as a consultant to the Board, and may be invited to attend meetings of the Board or a committee of the Board and, if present, participate in the discussions at such meetings. A Director Emeritus will not receive any fees or other compensation for such service, but will be reimbursed for reasonable travel and other out-of-pocket business expenses incurred in connection with such service. The Director Emeritus position is advisory only, and any person holding the position will not vote on

any matter coming before the Board and shall not be considered a director for any purpose. Any person serving as Director Emeritus will be subject to all BD policies applicable to BD's directors, including BD's Code of Conduct and insider trading policy.

## **COMMITTEES OF THE BOARD**

**Board of Directors Committees, Their Number, Structure and Charters.** The Board of Directors (the "Board") has the following standing committees: Audit; Compensation and Management Development; Corporate Governance and Nominating; Executive; Quality and Regulatory; and Science, Marketing, Innovation and Technology. The charter of each committee is reviewed on an annual basis by the committee and by the Corporate Governance and Nominating Committee, which recommends to the Board for consideration any changes the Corporate Governance and Nominating Committee deems necessary or appropriate. Each committee's charter is posted on BD's website, [www.bd.com/investors/corporate\\_governance/](http://www.bd.com/investors/corporate_governance/). The Board may appoint new committees as the need may arise, or disband a current committee, except as otherwise provided for by applicable law and regulations, the requirements of the New York Stock Exchange ("NYSE"), or BD's Certificate of Incorporation.

**Independence of Committees.** It is BD's policy that only independent directors serve on the Audit, Compensation and Management Development, and Corporate Governance and Nominating Committees.

**Assignment and Rotation of Committee Members and Chairs.** The Board, after consultation with the Chairman of the Board ("Chairman"), designates the members of its committees, taking into account their particular expertise, experience and preferences.

The Board does not mandate the fixed rotation of committee members and/or committee chairs. However, the Board will seek to rotate committee members and chairs on a staggered basis within each committee as the Board deems appropriate, with due consideration to ensuring continuity, appropriate expertise and the availability of experience derived through longevity.

## **BOARD OPERATIONS**

**Board and Committee Agendas.** The Chairman, together with the Lead Director and the Corporate Governance and Nominating Committee, establishes on an annual basis a list of agenda topics for consideration and review by the Board during the following year. This annual list of agenda topics is then provided to the full Board for review and comment and is adjusted, as appropriate, during the year. Each director is encouraged to suggest topics he or she wishes to have addressed for inclusion on the Board agenda.

The Chairman and the Lead Director establish the agenda and schedule for each Board meeting, allowing for an appropriate mix of presentation and discussion.

Each committee of the Board, on an annual basis, sets an agenda of topics to be discussed by that committee during the following year. The Chair of each committee, in consultation with other members and management, develops the agenda for each committee meeting.

**Well-Informed Directors.** In order for the Board to exercise fully its oversight functions, management provides to the Board access to information regarding BD and the markets in which it operates. This information comes from a variety of sources, including management reports, outside experts, securities analysts' reports, information regarding performance of peer companies, direct interaction with senior management and other employees, and visits to BD facilities.

**Board Materials and Presentations.** As a general rule, background information on agenda items and presentations on specific subjects are sent to Board members in advance so that Board meeting time may be conserved and discussion time focused on questions and discussion of key issues.

**Board Access to Management and Independent Advisors.** Members of senior management attend Board meetings and other Board activities on a regular basis. In addition, other members of BD management attend Board and committee meetings when appropriate to provide additional expertise and to expose the Board to a broader pool of management.

The Board has open access to senior management. The Board and each committee of the Board also has the authority to retain, at BD's expense, its own independent legal, financial and other advisors, as the Board or any committee deems necessary or appropriate.

**Orientation of Directors and Continuing Education.** BD has an orientation and training process available to new members of the Board and to new members of each Board committee. For new directors, this includes providing background information on BD, its products and its industries, meetings with senior management to familiarize the director with BD's management and its strategies and significant policies, and site visits to BD facilities. Orientation of a new director or new committee member is coordinated by the Corporate Secretary and is tailored to the requirements of the individual.

In addition to Board meetings and other activities that may take place at various BD locations, directors are encouraged to visit BD sites from time-to-time, at locations selected in consultation with the Chief Executive Officer, to familiarize themselves with the BD's business. Directors are requested to report to the full Board following any such visit.

Directors also are encouraged to attend director education courses, at BD's expense. As a matter of practice, BD management from time-to-time, directly or with the assistance of outside advisors, arranges presentations to the Board on current issues or topics relevant to

directors of BD, including current corporate governance trends and practices, industry overviews, and public policy. The Board intends to have least one such presentation made to the Board by an outside expert each year.

**Review of BD's Performance and Corporate Strategy.** The Board reviews BD's financial performance on a regular basis at Board meetings and through periodic updates, both on an absolute basis and in relation to peer companies. These reviews include the views of management and may also include those of securities analysts or other third parties.

The Board also conducts an annual review of BD's strategy and receives periodic updates on the strategy throughout the year.

**Executive Sessions of Independent Directors.** The independent directors meet privately as a matter of course at each regular meeting of the Board, over the course of which their activities include, among other things, the performance review of the Chief Executive Officer, approval by the independent directors of the recommendations of the Compensation and Management Development Committee regarding the Chief Executive Officer's compensation and such other issues they deem important to address.

Following each meeting of the independent directors, the Lead Director discusses with the Chief Executive Officer, to the extent appropriate, matters addressed in or arising from the private meeting.

## **EVALUATIONS; DIRECTOR COMPENSATION AND SHARE OWNERSHIP**

**Evaluation of the Board and Board Committees.** It is the Board's policy to review on an annual basis its performance and effectiveness as a whole. The self-evaluation may be done through questionnaires, individual interviews or any other method selected by the Corporate Governance and Nominating Committee. The collective feedback is compiled in advance of the review session and are presented by the Chair of the Corporate Governance and Nominating Committee to the full Board for discussion.

Annual self-assessments also are conducted by each Board committee, relying on a review process similar to that used by the Board, with performance criteria for each committee established, in part, on the basis of its charter.

**Evaluation of Individual Director Performance.** It is BD's policy that the Corporate Governance and Nominating Committee assess on the basis of pre-established criteria, the performance of each incumbent director standing for re-election at the next Annual Meeting of Shareholders. The pre-established criteria address each director's core competencies, independence and level of commitment. Among the criteria included in assessing a director's level of commitment are the director's attendance at Board meetings

and committee meetings, the director's preparation in advance of any meeting, the director's knowledge about the strategies and affairs of BD and the industry and competitive environment in which it operates; and the director's participation in deliberations of the Board and of each committee on which the director serves.

If applicable, the Corporate Governance and Nominating Committee also considers the impact of any change in the principal professional occupation of the directors or increase in outside commitments. It is BD's policy that the Corporate Governance and Nominating Committee also should review and consider the performance of any individual director if a situation were to arise that interfered with the proper performance of such director's duties as a member of the Board.

This evaluation process allows each director the opportunity to conveniently confirm his or her interest to continue as a member of the Board. Upon completion of the individual director evaluation process, the Corporate Governance and Nominating Committee reports to the full Board its conclusions and recommendations for nominations to the Board.

**Non-management Director Compensation.** The Corporate Governance and Nominating Committee and the Board annually receives a report from an independent consultant on trends in director compensation. In connection with this report, the Corporate Governance and Nominating Committee conducts a thorough analysis of director compensation and stock ownership guidelines and makes recommendations to the Board for any adjustments deemed appropriate. Generally, the Board seeks to set non-management director compensation at levels that fairly compensate non-management directors for their responsibilities as directors and that are consistent with compensation levels at peer companies. A director who is also a BD employee does not receive additional compensation for such service as a director.

BD's non-management director compensation is focused to a large degree on equity compensation. This includes a director deferral plan with a BD stock investment option, and annual grants of equity-based compensation, which are intended to better align the interests of the non-management directors and shareholders. Under the director deferral plan, directors can elect to defer into a BD stock account or other investment options up to the full amount of their annual retainer and committee chair fees.

**Non-management Director Equity Ownership.** The Board believes that non-management directors should hold meaningful equity ownership positions in BD in accordance with share ownership guidelines established by the Board. The current share ownership guidelines require each non-management director, within three years of being appointed, to own shares of BD common stock (which includes shares held in the director deferral plan and restricted stock units) valued at five times the annual cash retainer fee in effect from time-to-time. The annual restricted stock unit grant serves to increase share ownership levels of non-management directors and ensures compliance with the share

ownership guidelines. The Board believes that the non-management director share ownership guidelines ensure adequate share ownership by the non-management directors.

**Disclosure Regarding Non-Management Director Compensation and Equity Ownership and Board Evaluation.** BD provides disclosure in its annual proxy statement concerning the composition of non-management director compensation, stock ownership guidelines for non-management directors and senior management, and a comprehensive description of the Board's self-evaluation processes.

## **SHAREHOLDER MATTERS**

**Voting for Directors.** As described in BD's By-Laws, at any meeting of the shareholders at which nominees for director are subject to an uncontested election (that is, the number of nominees is equal to the number of seats up for election), any nominee for director who receives a greater number of votes "against" his or her election than votes "for" such election (a "Majority Against Vote") shall promptly offer to submit his or her resignation from the Board following certification of the shareholder vote. The Corporate Governance and Nominating Committee shall consider the director's offer and recommend to the Board the action to be taken with respect to the same. Thereafter, the Board shall promptly notify the director concerned of its decision, and shall publicly disclose its decision and the rationale for it within 90 days following certification of the election results.

The Corporate Governance and Nominating Committee's recommendation can include accepting the director's offer, maintaining the director on the Board but addressing what the Corporate Governance and Nominating Committee believes to be the underlying causes of the "against" votes, resolving that the director will not be renominated in the future for election, or rejecting the director's offer. In considering whether to recommend that the Board accept or reject the director's offer, the Corporate Governance and Nominating Committee will evaluate all relevant factors, including, without limitation: any stated reasons why shareholders voted against the election of such director; the length of service and qualifications of the director; the director's contributions to BD; the impact that accepting the director's resignation would have on BD's compliance with the requirements of the SEC, the NYSE and these Corporate Governance Principles; and the best interests of all shareholders. In considering the Corporate Governance and Nominating Committee's recommendation, the Board will consider the factors reviewed by the Corporate Governance and Nominating Committee and such additional information and factors as the Board believes to be relevant.

Any director who offers to submit his or her resignation pursuant to this provision will not participate in the Corporate Governance and Nominating Committee's or Board's consideration of whether or not to accept such director's offer. In any case in which a director's offer is accepted by the Board, the Corporate Governance and Nominating

Committee will recommend to the Board whether to fill such vacancy or to reduce the size of the Board.

If a majority of the members of the Corporate Governance and Nominating Committee received a Majority Against Vote at the same election, then the other independent directors who did not receive a Majority Against Vote will appoint a special Board committee from among themselves solely for the purpose of considering the resignation offers, and will recommend to the Board whether to accept or reject them in the same manner as otherwise would be undertaken by the Corporate Governance and Nominating Committee.

**Proxy Access.** BD has a “proxy access” by-law, which allow eligible shareholders to nominate candidates for the Board for inclusion in BD’s proxy statement and proxy card. Under the by-law, a shareholder (or a group of up to 20 shareholders) owning 3% or more of BD’s outstanding common stock for at least three years can nominate up to two individuals or 20 percent of the Board, whichever is greater, for election at an annual shareholders meeting, subject to certain requirements.

**Board Engagement with Shareholders.** BD maintains on its website at [www.bd.com/investors/corporate\\_governance/](http://www.bd.com/investors/corporate_governance/), a process by which shareholders may communicate with the Board, the non-management directors as a group, or with any individual director (including the Lead Director), or request direct engagement with one or more of our non-management directors. Alternatively, investors seeking direct engagement with our non-management directors may contact the Corporate Secretary with such a request. Any such request will be reviewed and assessed in accordance with procedures established by the Corporate Governance and Nominating Committee from time to time. Any direct communication by non-management directors with BD shareholders will generally be limited to matters for which the Board is directly responsible, such as executive compensation, corporate governance, board and CEO succession, and risk management oversight. Directors may be joined by management during any such engagement. The Board may also initiate direct communications with BD shareholders at any time, in its discretion.

It is BD’s policy that directors also are expected to attend the Annual Meeting of Shareholders in the absence of a scheduling conflict or other valid reason.

## **BOARD OVERSIGHT OF MANAGEMENT**

**Evaluation of the Chief Executive Officer.** It is BD's policy that the independent directors meet privately to conduct both a mid-year and a year-end evaluation of the performance of the Chief Executive Officer. These evaluations are based on objective and subjective criteria, including an assessment of the performance of the businesses, accomplishment of long-term strategic objectives and management development, as set

forth in the goals established for the Chief Executive at the beginning of the fiscal year. A clear understanding between the independent directors and the Chief Executive Officer regarding BD's expected performance and how that performance is to be measured is critical to the process.

The Compensation and Management Development Committee considers the results of the year-end evaluation when recommending to the Board the Chief Executive Officer's compensation. The Lead Director and Chair of the Compensation and Management Development Committee communicate the results of the evaluation to the Chief Executive Officer.

**Succession Planning and Management Development.** The Board, with the input of the Chief Executive Officer, conducts an annual assessment of the performance and development of senior management. The Board also conducts periodic discussions, not less than once a year, regarding succession planning for the Chief Executive Officer and other members of senior management, and, with the recommendations of the Chief Executive Officer, identifies potential successor candidates for these roles and assesses their readiness. The Board also maintains a contingency plan, in consultation with the Chief Executive Officer, for the appointment of an acting Chief Executive Officer in the event of the current Chief Executive Officer's inability or unavailability to serve.

**Executive Officer Membership on Other Boards.** It is BD's policy that, prior to an executive officer accepting an invitation to serve on any board of an entity unaffiliated with BD (whether for-profit or nonprofit (excluding, for these purposes, any local religious, fraternal, athletic or social organization or club)), the executive officer first must seek the agreement of BD's Chief Executive Officer, Chief Financial Officer and its General Counsel, pursuant to procedures established by BD, that any such proposed service would not present an undue conflict of interest or financial risk, to either BD or to the executive officer. Once such agreement is secured, the executive officer must seek the approval of the Corporate Governance and Nominating Committee.

As a general rule, the Board believes that executive officers should be limited at any given time to serving on the board of not more than one other publicly-traded company. Any exceptions to this general rule require the prior approval of the Corporate Governance and Nominating Committee.

## **ETHICS AND RELATED MATTERS**

**Conflicts of Interest and Ethics Compliance.** If an actual or potential conflict of interest develops (for example, significant and ongoing competition between BD and a business with which the director is affiliated) because of a change in the business operations of BD, or in a director's circumstances, the director is expected to report the matter immediately

to the Chairman and the Corporate Governance and Nominating Committee for evaluation and appropriate resolution.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board, recuse himself or herself from participation in the discussion, and not vote on the matter.

BD directors are required to comply with BD's Code of Conduct. Concerns regarding violations of the Code of Conduct by non-management directors of BD are referred to the Corporate Governance and Nominating Committee and to the Chairman. Violations of the Code of Conduct by management directors of BD are referred to BD's General Counsel.

Transactions, arrangements or relationships in which BD is a participant and in which "related persons" (as defined in SEC regulations, which include directors, executive officers and their immediate family members) have, or will have, a material interest, are subject to the approval or ratification required under BD's policy regarding transactions with related persons.

**Charitable Contributions.** Proposed charitable contributions, or pledges of charitable contributions, by BD within any given fiscal year in an aggregate amount of \$50,000 or more, to an entity for which a BD director or executive officer, or such person's immediate family member (as defined in these Principles), serves as a director, trustee, officer, employee, or member of such entity's fund-raising organization or committee, are subject to prior review and approval, or ratification, by the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee is provided on an annual basis with a report from management of the charitable contributions or pledges made by BD during the prior fiscal year in an amount of \$10,000 or more, to any entity for which a BD director or executive officer, or such person's immediate family member, serves as a director, trustee, officer, employee, or member of such entity's fund-raising organization or committee. Such report is posted on BD's website at [www.bd.com/investors/corporate\\_governance/](http://www.bd.com/investors/corporate_governance/).

For purposes of determining whether the \$50,000 approval threshold or the \$10,000 disclosure threshold is reached, no contributions by BD under its established Matching Gift Program are included or reported.

**No Provision of Personal Services by BD External Auditor to Members of the Board of Directors or Executive Officers.** It is BD's policy that neither BD, nor any director or executive officer, may engage the external auditor of BD for financial planning, tax preparation (including expatriate tax services) or other personal services (collectively, "Services"). This policy prohibits the engagement of the external auditor for such purposes, regardless of whether the person or persons proposed to provide the Services to a director

or executive officer participates or previously participated in a BD audit.

For purposes of this policy, the “external auditor” of BD is defined as any firm engaged by the Audit Committee to provide audit, review or attest services, or to otherwise provide “audit services” to BD within the meaning of the rules of the SEC.