

S&P Global Sustainable1 Assurance

Stanley Black & Decker assurance statement: AA1000AS v3

S&P Global Sustainable1, a business of S&P Global Inc. (hereafter, “Sustainable1”) was engaged by **Stanley Black & Decker** to provide assurance of the data and claims in its 2022 DJSI Questionnaire Response and its CDP Climate Change and Water Responses, encompassing the period of 1 January 2021 - 31 December 2021.

Intended users

The intended users of this assurance statement are the management and stakeholders of Stanley Black & Decker (hereafter, SBD).

Responsibilities of SBD and assurance provider

The management of SBD has sole responsibility for the preparation and content of DJSI Questionnaire Response (hereafter, DJSI Response) and CDP Climate Change and Water Responses (hereafter, CDP Responses). Sustainable1’s statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Sustainable1 undertook the assurance in accordance with AA1000AS v3 (2020) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000AP (2018) Principles of inclusivity, materiality, responsiveness and impact (the Principles)
- ✓ The reliability of employee safety and specified environmental performance information (energy use, greenhouse gas emissions, VOC, water use and waste generated)

Sustainable1 used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate SBD’s performance information and adherence to the Principles.

Scope and limitations

Sustainable1 was engaged to assure the data and claims in SBD’s 2022 DJSI Response and CDP Responses, encompassing the period of 1 January 2021 – 31 December 2021. Sustainable1 was asked to assure reporting for Scopes 1, 2 and 3 greenhouse gas emissions, hazardous waste, facility zero waste to landfill claims, VOC emissions, employee safety, as well as energy use and water use. SBD took a financial control approach.

In general, 2021 had been a year of organic growth for SBD and its sales grew by 20% following the business recovery from the impact of pandemic. As a result, values across SBD’s environmental and social KPIs increased in 2021 compared to 2020. When compared to 2020 the emissions from Scope 3 category 11 have decreased by 2%. This change in emission has occurred due to reduction in scope, as Oil & Gas is no longer a part of SBD’s operative perimeter. The remaining Scope 3 categories covered in the assurance process have increased due to the following factors: increase in business operations; better data availability; and refinements made to the methodology such as obtaining primary data from suppliers. Sustainable1 notes that complete assurance information was unavailable from facilities Hellaby (Rotheram) MFG (GTS, HTAS) and Giessen MFG (IND, EF) on zero waste to landfill and hazardous waste respectively.

Methodology

Sustainable1's assurance activities included the following:

- Review of the processes by which SBD defines the sustainability issues that are relevant and material to its operations and its stakeholders.
- Interviews with managers responsible for sustainability performance and data collection
- Assessment of the extent to which SBD's sustainability activities adheres to the Principles
- Review of processes and systems used to gather and consolidate environmental and employee safety data. The data sources that Sustainable 1 reviewed includes invoices, spreadsheets and other data points.
- Verification of data accuracy for a selection of sites, including an audit of conversion factors, and calculations

SCOPE ¹	SOURCE	UNIT	QUANTITY
GHG Scope 1 ²	Stationary combustion	Metric tons CO ₂ e	66,632
		MWh	378,882
	Mobile combustion	Metric tons CO ₂ e	43,656
		MWh	182,187
GHG Scope 2	Total electricity (Location based)		342,012
	Total electricity (Market based)	Metric tons CO ₂ e	138,940
	Electricity USA only (Market based)		0
Electricity	Total consumption	MWh	678,933
	Retained RECs ³		21,155
GHG Scope 3	Category 1	Metric tons CO ₂ e	6,965,196
	Category 4		692,111
	Category 5		18,645
	Category 9		148,187
	Category 11		2,940,057

SCOPE	SOURCE	UNIT	QUANTITY
Water use	Process & non-contact uses		219,410,654
	Sanitary use	Gallons	200,492,099
	Total withdrawals		419,902,753
VOC	Operational	Metric tons	111.9
2021 SBD Employee Safety ^{4,5}	Total Recordable Rate	Recordable incidents per 100 heads	0.654
	Lost Time Injury Rate	Lost time incidents per 100 heads	0.215 ⁶
	Recordable Fatalities	Incidents across total Employees/Contractors	0
	Hazardous waste	Operational	Metric tons
Zero Waste to Landfill (ZWTL) ⁷	Waste quantity diverted from landfill by facilities designated as ZWTL in 2021 compared to 2020	Metric tons	665

¹ All categories apply to SBD's entire operations except for ZWTL

² Stationary includes natural gas, LPG, fuel oil, diesel, gasoline and methanol and mobile includes fuel use in vehicles

³ Retained RECs originate from hydro power plant owned by SBD

⁴ As per USA OSHA guidelines/requirements

⁵ Total Recordable Rate (TRR) is a measure of the rate of recordable cases of employee injury, normalized by 100 workers per year. Lost Time Injury Rate is similar to TRR, based on the number of cases that contained lost workdays

⁶ Equivalent to Lost Time Injury Frequency Rate (LTIFR) value of 1.075. LTIFR represents lost time incidents per million hours worked as requested by S&P Global CSA

⁷ The scope of ZWTL includes only MFG/DC division. SBD defines ZWTL facility as a facility that diverts all of its waste from landfill and incineration. These facilities can process waste through energy recovery and there is a possibility of some residual material from this process being sent to landfill

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>SBD engages with various stakeholders to plan its corporate social responsibility (CSR) activities. Stakeholders include policy makers, the government, CSR experts, trade associations such as the National Association of Manufacturers, Business Roundtable, and the US Chamber of Commerce. In 2021, SBD partnered with The Paradigm for Parity® coalition, which comprises business leaders, board members and academicians who are committed to address the gender gap in corporate leadership. SBD took a leadership role at the Business Round Table to highlight the importance of job growth and capital investment in the US, as well as to improve workforce development and training initiatives, counsel governments on latest manufacturing needs, and to deliver disaster relief and other CSR initiatives.</p> <p>When acquiring a company, SBD tries to identify similar goals or policies that can be weaved into its framework. One such example includes the alignment of MTD’s packaging reduction goals with SBD’s packaging commitment. Additionally, in the case of a newly acquired company, SBD measures the company’s environmental, social and governance (ESG) status and goals, establishes new goals, and trains the new business on SBD’s EHSMS (Environmental Health and Safety Management System) and tools.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>SBD derives insights on CSR strategy from the materiality assessment conducted in 2021 and it determines priority issues based on the scoring assessment undertaken by stakeholders. The 2021 materiality assessment utilized artificial intelligence (AI) to comprehensively gather information from news, social media, soft/hard regulations, publicly available industry data, and peer information to identify material issues. Additionally, SBD interviewed diverse external stakeholders such as customers, investors, peers, and an NGO. SBD’s priority issues include the environment, communities, ethics, customers, and employees. The number of material issues increased from 18 in 2016 to 25 in 2021, which are addressed in SBD’s 2030 CSR strategy.</p> <p>SBD has also conducted climate scenario planning sessions focused on a climate sensitivity/risk analysis for its locations and businesses. It formed a team to deep dive into climate risks and opportunities identified as most material to its operations.</p>
<p>Responsiveness: an organization’s response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders</p>	<p>SBD is advancing investments in companies focused on delivering sustainable products to the market. These investment programs are led by its venture capital arm Stanley Ventures. BLACK+DECKER is releasing a new product line, reviva, offering the brand’s first sustainability-led power tools. The reviva power tools are manufactured using Tritan Renew material, enabling 50% recycled content in the enclosures, and the packaging is 100% recyclable. By 2025, SBD aims to ensure that 67% of its suppliers, by spend, set Scope 1 and 2 science-based targets. Additionally, SBD will integrate science-based Scope 1 + 2 commitments in the contract language for all new suppliers with at least \$1M annual spend.</p>

PRINCIPLE	COMMENTS
<p>Impact: Organizations should monitor, measure and be accountable for how their actions impact broader ecosystems</p>	<p>SBD has approved science-based targets (SBTs) that call for 100% reduction of Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 against a 2015 baseline; and 35% reduction in Scope 3 Categories 1,4,9 GHG emissions by 2030 against a 2017 baseline. Through energy efficient projects and meter sustainable energy investments, SBD was able to stay on its Scope 1 and 2 emissions reduction trajectory for 2030.</p> <p>In 2021, 35% of SBD’s total purchased energy came from renewable sources versus 33% in 2020. This was achieved by increased investment in the development of on-site solar projects. SBD’s interim goals also include achieving Zero Waste to Landfill (ZWTL) status for 60% of its operations by 2023. SBD is working to meet this interim goal through management system enhancements, third-party support and assurance. In 2021, SBD reported that 42% of its manufacturing and distribution sites have achieved ZWTL status.</p>

Findings, conclusions and recommendations

The Principles:

Nothing came to Sustainable1’s attention to suggest that SBD’s DJSI Response or CDP Response does not adhere to the AA1000 Principles.

Data reliability:

SBD has implemented rigorous processes to collect and aggregate data on global energy consumption, GHG emissions, VOC emissions, water use, hazardous waste generation, ZWTL and employee safety. Upon evaluating this system, Sustainable1 found that data was accurate overall and any minor corrections were made as necessary.

Assurance provider

Sustainable1 has been researching, standardizing and validating corporate environmental performance data since 2000. Sustainable1’s research team has the relevant professional and

technical competencies and experience to conduct an assurance to the AA1000 standard.

Sustainable1 has conducted this assurance independently and impartially and in compliance with S&P Global’s policies and procedures, including its Code of Business Ethics that provide a framework relating to ethical conduct, conflict of interest and compliance with law.

S&P Global Sustainable1, a business of S&P Global Inc.

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