

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 environmental data held within its 2023 CDP Climate Change Response.

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 CDP Climate Change Response (hereafter, CDP Response). 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, 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 external reporting, encompassing the period of 1 January 2022 – 31 December 2022. Sustainable1 was asked to assure reporting for Scope 1, 2 & 3 Greenhouse Gas emissions, hazardous waste, standard waste, facility zero waste to landfill claims, employee safety, as well as energy use and water use. SBD took a financial control approach.

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 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

Sustainable1 verified the environmental impacts, as calculated by SBD, within the table on the following page.

SCOPE ¹	SOURCE	UNIT	QUANTITY
GHG Scope 1 ²	Stationary Combustion	Metric tons CO ₂ e	131,294
		MWh	730,292
	Mobile Combustion	Metric tons CO ₂ e	20,217
		MWh	84,373
GHG Scope 2	Total electricity (Location based)	Metric tons CO ₂ e	374,928
	Total electricity (Market based)		63,361
	Electricity	Load Total	MWh
	Retained RECs ³		17,038
GHG Scope 3 ^{4,5}	Category 1	Metric tons CO ₂ e	5,953,256
	Category 4		591,161
	Category 5		7,782
	Category 9		875,926
	Category 11		7,276,246
Water	Process	Gallons	308,598,923
	Sanitary		246,260,755
	Total		554,859,678
Hazardous waste	Operations		4,701
Total waste	Operations		147,919
Zero Waste to Landfill (ZWTL) ⁶	Waste quantity diverted from landfill by facilities designated as ZWTL in 2022 compared to 2021	Metric tons	65
	% Sites achieved ZWTL ⁷	%	33
Employee Safety ⁹	Total Recordable Rate (TRR) ⁸	Recordable incidents per 100 heads	0.85
	Lost Time Injury Rate (LTIR)	Lost time incidents per 100 heads	0.30
	Recordable Fatalities	Employee/ Contractor	1

¹ All categories apply to SBD's entire operations except for ZWTL which applies to manufacturing and distribution center facilities.

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

³ Retained RECs originate from hydro power plant owned by SBD

⁴ Year over Year (YOY) comparison is not applicable for Scope 3, Category 9 and Category 11 as the methodology used for FY22 is changed from FY21.

⁵ Scope 3 emissions calculation also includes the emissions generated through the businesses divested during FY22. The emissions are estimated based on the combined emission intensity of divested business for year 2021 (denoted in mt Co2e per dollar) and 2022 revenue of divested businesses.

⁶ The ZWTL scope includes manufacturing and distribution sites under SBD's control that divert all waste from landfill or direct it to incineration with energy recovery.

⁷ Out of the total 151 manufacturing and distribution sites 50 (33%) have achieved Zero Waste to landfill (ZWTL). This includes open sites and excludes sites divested prior to year-end.

⁸ 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 (LTIR) is a measure of the rate of lost workday injuries, normalized by 100 workers per year.

⁹ As per USA OSHA guidelines/requirements.

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Stanley Black & Decker (SBD) considers their strategic customers, core suppliers, investors, and policymakers as key external stakeholders. SBD engages with internal stakeholders — including their businesses and leaderships — and employees. SBD has an established process in place to identify their key stakeholders within each business function. SBD has defined communication channels to help manage internal and external stakeholders — the Investor Relations and Public Relations teams for external stakeholders, and the Leadership, Human Resources, and Corporate Communications teams for internal stakeholders.</p> <p>SBD incorporates shareholder feedback into their governance practice reviews. They formed an environmental, social, and governance (ESG) External Advisory Board to inform of sustainability and social impact strategies and performance to meet stakeholder expectations. SBD has several channels for internal stakeholders to share concerns or feedback. Operational facilities have Leadership teams that provide leader-led, pre-defined EHS updates and information to the workforce and allow questions and concerns from the workforce on EHS in meetings and town hall events.</p> <p>In FY21, SBD formed an ESG Executive Steering Committee, led by the CEO, to provide a forum for ESG strategy alignment and feedback, progress review and collaboration on opportunities. SBD’s supplier code of conduct focuses on business ethics, legal obligations, and industry standards, and establishes a sustainable procurement policy for their supplier’s operational practices and supply chain.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>In FY16, SBD conducted their first materiality assessment, which was refreshed in FY21. The FY21 assessment identified six priority issues, (diversity, equity and inclusion (DE&I); employment practices; employee health, safety and well-being; product responsibility; procurement practices; and innovation and digitalization) in addition to the 18 identified in the FY16 assessment.</p> <p>SBD formed employee resource groups (ERGs) to focus on community engagement, career development, culture of inclusion, and commerce/business impact. They are actively focusing on educating employees and the leadership through DE&I workshops and training them on unconscious bias, gender equity, allyship, empathy, and welcoming differences. The company has also implemented the RISE initiative to address race and gender equity and offer diverse development programs such as on leadership development for Black, Asian, and Hispanic professionals.</p> <p>SBD maps certain UN Sustainable Development Goals (SDGs) against their key material topics, including SDG 4 – quality education, SDG 5 – gender equality, among others, SDG 8 – decent work and economic growth, SDG 9 – which covers innovation, SDG 10 – reduced inequality, SDG 12 – responsible consumption and production, and SDG 13 – climate action.</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's ESG Advisory Board meets quarterly to offer key perspectives on emerging issues and make recommendations on stakeholder expectations. SBD believes their first step is to engage and gives internal and external stakeholders access to local SBD websites. Social media platforms and avenues such as LinkedIn and Facebook, as well as customer service channels such as telephone and email, serve as avenues for external stakeholders to raise concerns. Internal feedback and inquiries can be directed to the company's ESG team members or raised through their workplace groups associated with sustainability (such as Corporate Social Responsibility, ECOSMART, and SBD Gives Back).</p> <p>SBD works with policymakers, the government, and other stakeholders such as trade associations – including the National Association of Manufacturers, Business Roundtable, and the U.S. Chamber of Commerce – to focus on stakeholders' input and perspectives.</p> <p>SBD aims to utilize better materials with a lower carbon footprint. This includes introducing products such as Black & Decker Reviva, bio-based lubricants, and fluids. The company also prioritizes stakeholder feedback by implementing initiatives to address safety hazards and ergonomic risk factors associated with their products. These initiatives involve the introduction of features such as lanyard-ready tools, corded to cordless conversions for applications with tripping risks, and aviation snips designed to reduce muscle exertion.</p>
<p>Impact: Organizations should monitor, measure and be accountable for how their actions impact broader ecosystems</p>	<p>For FY22, SBD's Science Based Targets initiative (SBTi) is aligned with achieving a 100% reduction of Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 against their 2015 baseline; there was a significant rise in Scope 3 category 11 due to their acquisition of MTD Holdings, which has a portfolio of gas engine products. For Report Year 2022 SBD will disclose progress against their existing Science Base Targets which call for 100% reduction in Scope 1 and Scope 2 emissions by Target Year 2030 against a 2015 Base Year; and 35% reduction in Scope 3 Categories 1, 4, and 9 emissions by Target Year 2030 against a 2017 Base Year. Given significant changes to the company structure due to recent acquisitions and divestitures, in 2023 SBD plans to submit new Science Based Targets into the Initiative.</p> <p>SBD has made progress in achieving their context-based water targets, but the lack of an updated WWF Water Filter analysis in FY22 due to site integration and divestiture has hindered a comprehensive assessment. In FY22, 42% of SBD's manufacturing sites and distribution centers achieved Zero Waste to Landfill (ZWTL). SBD implements initiatives focused on EHS, such as Wellness Toolkit, Healthy for Life program, and four key initiatives, namely, Key Safe Behavior, Standardized Training utilizing AI learning, Hand Safety campaign, and Safety Timeouts for safety updates and discussions. Additionally, the company measures safety performance through their roadmap, which drives continuous improvement, standardization, and risk mitigation across facilities, based on ISO 45001 and 14001 standards.</p>

Findings, conclusions and recommendations

The Principles:

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

Data reliability:

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

SBD's emissions from Scope 3 category 9 and category 11 have increased in 2022 when compared to 2021. This change in emissions has occurred due to the following factors: change in calculation methodology. Sustainable1 has reviewed the Scope 3 category 9 and category 11 emissions based on the updated calculation methodology

We recommend SBD to refer to GHG Protocol for Scope 3 calculation of their GHG inventory.

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.

London, July 2023



Richard Mattison
Vice-Chair, Sustainable1



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