

**Materiality Process:**

Stanley Black & Decker regularly updates its understanding of its key material issues through a variety of activities including internal stakeholder engagement, peer networking and operational review. This year we engaged an external advisor to carry out research – including interviews and surveys with internal and external stakeholders - for the purpose of identifying and understanding the issues of importance to our stakeholders and how they might impact on the business. This will help us, confirm, refresh and if necessary reframe our understanding of the issues that are important to Stanley Black & Decker, in line with changes to stakeholder concerns.

To define our material issues we carried out a series of activities, to include the following:

- Conducted desk research to define a long-list of potential material issues based on internal risk analysis, employee surveys, supplier audits and internal strategic documents
- Reviewed a long-list of issues against relevant GRI aspects and definitions for completeness
- Conducted in-depth interviews and surveys with a select group of senior level representatives from across our value chain, to include our customers, suppliers, investors and selected Non-Governmental Organisations.
- Conducted in-depth internal interviews and surveys with a select group of senior level representatives to understand the importance and impact of the identified topics

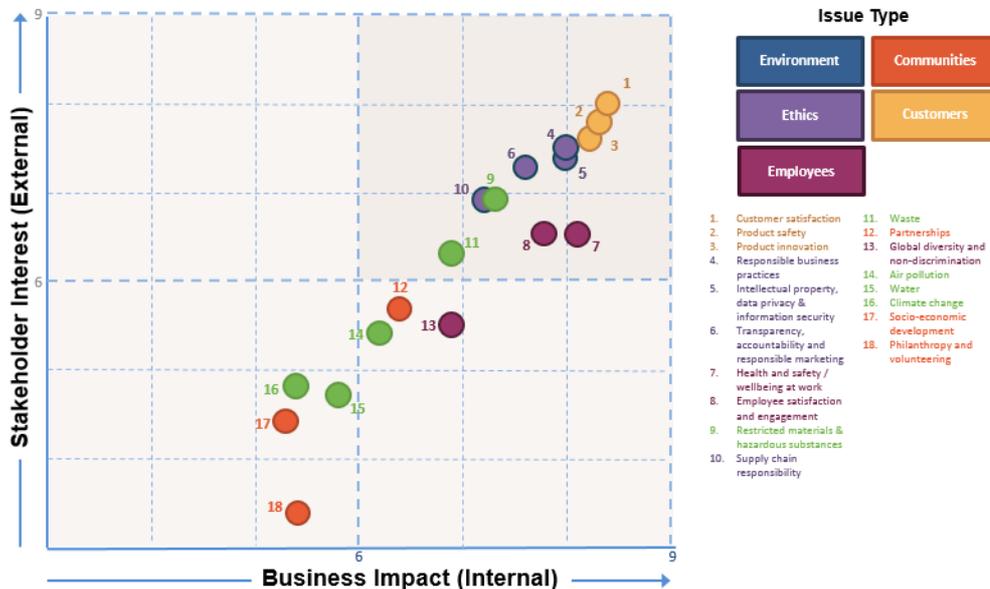
The topics identified as a result of the materiality assessment are presented in the table below.

**Our material issues in 2016**

The list of topics in the diagram below is not exhaustive, but it represents those issues that internal and external stakeholders have highlighted as having a financial, operational, reputational or societal relevance in 2016.

Stanley Black & Decker **Materiality Analysis**  
**Materiality Matrix (magnified)**

Material issues have been plotted on a matrix based on the assessed stakeholder interest (Y-axis) and business impact scores (X-axis). The colour coding indicates the issue categorisation.



**Summary of priority material issues and definitions (in order priority)**

- 1. Customer satisfaction:** Delivering an industry-leading customer experience.
- 2. Product safety:** Ensuring all products are in compliance with relevant safety rules and regulations.
- 3. Product innovation:** Creation of new industry leading products and services that remain aligned to our customers expectations and needs - to include improved performance, aesthetics and sustainable attributes.
- 4. Responsible business practices (anti-trust, anti- corruption and taxation):** Complying with applicable competition (or anti-trust) laws to ensure our products and services are judged solely on their merits. This also includes promoting high standards of business ethics, working against corruption, extortion and bribery, payment of tax contributions in accordance with local legislative requirements and adoption of a transparent approach to tax reporting.
- 5. Intellectual property, data privacy and information security:** Respecting and protecting intellectual property rights, adopting secure data capture, storage and transfer approaches that protect the privacy of personal and business information and promote transparency in the processing of personal data.
- 6. Transparency, accountability and responsible marketing:** Openly disclosing strategic sustainability approach and performance against measurable targets as well as marketing products and services honestly and avoiding negative implications for the customer and end user.
- 7. Health and safety / wellbeing at work:** Maintaining compliant, industry leading Health, Safety & Wellbeing programmes that have a positive affect on the health or wellbeing of our employees, and value chain.
- 8. Employee satisfaction and engagement:** Promoting professional growth and learning among all employees and promoting two-way dialogue with employees through company activities including performance reviews, career development and communications to improve employee satisfaction.
- 9. Restricted materials and hazardous substances:** Ensuring absence/removal of restricted content from products in line with regulatory standards, customer requirements and eliminating the use of hazardous substances from manufacturing processes in compliance with RoHS and REACH standards.
- 10. Supply chain responsibility:** Ensuring supplier environmental, health, safety, labor and ethical practices meet SBD standards, and ensuring the diversification of the company's supply chain through inclusion of diverse suppliers (e.g., those that are small and under-represented, or that are owned by women, minorities or military service veterans).
- 11. Waste:** Reducing waste and optimizing opportunities for recovery, reuse or recycling of by-products throughout our operations.

**12. Partnerships:** Investing in and establishing partnerships and collaborations with global leading industry stakeholders, companies, universities and research organizations to support research that advances sustainability.

**13. Global diversity, inclusion and non-discrimination:** Establishing a workplace where all employees are treated fairly, with dignity and full respect for their private lives — without discrimination in employment, wages and occupation as well as ensuring that the company workforce (at all levels) reflects a diverse workforce pool in our countries of operation.

**14. Air pollution:** Reducing carbon footprint (CO<sub>2</sub> and GHG emissions) across the value chain and supporting adaption and mitigation efforts to address the negative impacts of climate change.

**15. Water:** Sustainable management of shared water resources within direct operations and across the value chain.

**16. Climate change:** Reducing waste and optimizing opportunities for recovery, reuse or recycling of by-products throughout our operations.

**17. Socio-economic development:** Ensuring that the company positively contributes to socio-economic development through societal participation and improving access to employment, housing, healthcare and education.

**18. Philanthropy and volunteering:** Enabling employee volunteering for social and environmental projects. This includes financial and in-kind contributions to NGOs and charitable organizations for underserved communities.

**Progress towards our targets and metrics**

Stanley Black & Decker fully intends to further understand and analyze, through extended stakeholder engagement activities how those top 3>5 material issues can support, strengthen and refine our commitments and identify areas for improvement. We recognize that more evidence is needed to quantify the value delivered by linking business performance and social impact, and we will be working to further understand this.