

Assurance statement: AA1000



S&P Dow Jones Indices
ESG Analysis

Trucost was engaged by **Stanley Black & Decker** to provide assurance of the environmental data held within its 2018 CDP and DJSI 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 the DJSI Questionnaire Response (hereafter, DJSI Response) and CDP Climate Change Response (hereafter, CDP). Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000AS (2008) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000APS (2008) Principles of inclusivity, materiality and responsiveness (the Principles)
- ✓ The reliability of specified environmental performance information (energy use, greenhouse gas emissions, water use and waste generated)

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

Scope and limitations

Trucost was engaged to assure the data and claims in SBD's 2018 DJSI Response and CDP Response, encompassing the period of 1 January 2017 – 31 December 2017. Trucost was asked to assure reporting for Scopes 1 and 2 greenhouse gas emissions, hazardous waste, VOC emissions, employee safety, as well as energy use and water use. Trucost verified the environmental impacts, as calculated by SBD, within the table in the next column.

Trucost notes that complete assurance information was unavailable from facilities Carlos Barbosa MFG (GTS, HTAS) and Reynosa MFG (GTS, PTE) with respect to Scope-1 and hazardous waste data.

SCOPE**	SOURCE	UNIT	QUANTITY
GHG Scope 1*	Stationary and mobile combustion	Metric tons CO ₂ e	109,840
		MWh	535,081
GHG Scope 2	Electricity	Metric tons CO ₂ e	299,649
		MWh	583,653
Water use	Process & non-contact uses	Gallons	174,796,962
	Sanitary use		186,702,704
	Total withdrawals		361,499,666
VOC	Operational	Metric tons	25.8
Employee Safety ¹	Total Recordable Rates	TRR	0.62
	Lost Time Injury Rate	LTIR	0.20
Hazardous waste	Operational	Pounds	5,941,969

*Stationary includes natural gas, LPG, fuel oil, diesel, gasoline and methanol and mobile includes fuel uses in vehicles

**GHG Scopes 1, 2 and water use quantities apply to SBD's manufacturing / distribution center sector. VOC, hazardous waste and employee safety numbers apply to all SBD sectors.

Methodology

Trucost'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. Including interviews with managers responsible for sustainability performance and data collection
- Assessment of the extent to which SBD's sustainability activities adhere to the Principles
- Review of processes and systems used to gather and consolidate environmental and employee safety data
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations

¹ 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.

Assurance statement: AA1000



S&P Dow Jones Indices
ESG Analysis

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>SBD has been strategically adopting measures to encourage participation of stakeholders in an effort to improve engagement on sustainability issues. Supply chain optimisation has been a particular focus – with a goal to reduce supply chain emission by 35% by 2030. To help achieve this SBD has been actively seeking sustainable products from suppliers as well as encouraging them to take part in CDP disclosure. SBD aims to provide sufficient avenues for all stakeholders to register their feedback and voice their concerns. External stakeholders raise concerns directly through SBD’s website and internal stakeholders have a dedicated platform for the same purpose known as ‘Facebook at work’. SBD encourages employees from all divisions to participate in sustainability related activities and its Ecosmart steering council is comprised of a cross-functional team involving departments such as supply chain, HR and legal system. Employee safety surveys are conducted frequently to capture staff perspectives.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>SBD has a well-defined materiality matrix in place to assess the importance of sustainability issues based on the priority assigned by stakeholders. Importance is determined based on external stakeholder perception alongside potential business impact. External stakeholder feedback are obtained through both formal interviews and informal conversations. Estimation of magnitude of potential business impacts are obtained through internal surveys. Stakeholders rank the issues by assigning score from 1 to 3 signifying high, medium and low importance for a particular issue. This information feeds in to SBD’s CSR strategy. SBD will continue to improve and refine its sustainability initiatives by incorporating feedback from the stakeholder engagements. In addition, while implementing sustainability improvement measures in a given facility the local operations and environment are also taken in to account by SBD to address facility relevant issues. SBD has set up a dedicated lab for product innovation at its Silicon Valley site and the innovation hub prioritises sustainable product development.</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>Successful management of environmental aspects of business inevitably requires accurate measurement of key indicators such as energy use and water. SBD’s strategy to ensure appropriate governance to align with the ISO 26000 standard is through robust data management and the materiality framework. SBD’s Environment, Health and Safety (EHS) portal collects and maintains environmental and operational data for each facility and also protects this facility-level data as per requirements of the ISO 26000 standard. This detailed data collection process aids SBD in appropriate target setting and strategy development for achieving sustainability. SBD has also set up the Ecosmart steering council that manages many of the sustainability related aspects of SBD including the goal to establish an external advisory committee in the council by 2030.</p> <p>SBD adopted an internal carbon price to reduce energy consumption and carbon emissions. This is calculated by measuring the exposure of each of its facilities from carbon taxes across the globe to set facility specific prices, and this alongside facility specific dynamics, is used to set facility-level strategies. In addition, SBD has been measuring waste quantities actively since 2003 and it has set up a 4R principle, which stands for – Reduce, Recycle, Reuse and Remove.</p>

Assurance statement: AA1000



S&P Dow Jones Indices
ESG Analysis

Findings, conclusions and recommendations

The principles: Nothing came to Trucost'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 and employee safety. Upon evaluating this system, Trucost found that data was accurate overall and any minor corrections were made as necessary.

Assurance provider

Trucost has been researching, standardizing and validating corporate environmental performance data since 2000. Trucost's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard. Trucost did not provide any services to SBD during FY2017 that could conflict with the independence of this work.

Trucost, part of S&P Dow Jones Indices

A handwritten signature in black ink that reads 'Libby Bernick'.



AA1000

Licensed Assurance Provider
000-120

Libby Bernick

Global Head of Corporate Business



S&P Dow Jones Indices
ESG Analysis

NOTICE

Copyright © 2018 S&P Trucost Limited (“Trucost”), an affiliate of S&P Dow Jones Indices LLC. All rights reserved. Redistribution or reproduction in whole or in part is prohibited without written permission. All information provided by Trucost is impersonal and not tailored to the needs of any person, entity or group of persons. This publication and related materials are not intended to provide and do not constitute financial or investment advice.

DISCLAIMER

Copyright © 2018 S&P Trucost Limited (“Trucost”), an affiliate of S&P Dow Jones Indices LLC. All rights reserved.

This publication and related materials are not intended to provide and do not constitute financial or investment advice. The information in this publication should not be construed or relied upon in making, or refraining from making, any investment decisions with respect to a specific company or security or be used as legal advice. Trucost is not an investment advisor, and Trucost makes no representation regarding the advisability of investing in any investment fund or other investment vehicle. A decision to invest in any investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document.

This publication and related materials (“Information”) have been prepared solely for informational purposes only based upon information generally available to the public from sources believed to be reliable. The Information may not be reproduced or disseminated in whole or in part without the prior written permission of Trucost. The information may not be used to verify or correct other data, create indexes, risk models, or analytics or in connection with issuing, offering, sponsoring, managing, marketing any securities, portfolios, financial products, or other investment vehicles.

Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.

Trucost, its affiliates, or its and their third-party data providers and licensors (collectively “Trucost Parties”) do not guarantee the accuracy or completeness of the Information. Trucost Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Information. THE TRUCOST PARTIES MAKE NO WARRANTIES OR REPRESENTATIONS, AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH TRUCOST PARTY HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE TRUCOST PARTIES HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR AN OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

‘Trucost’ is the trading name of S&P Trucost Limited a limited company registered in England company number 3929223 whose registered office is at 20 Canada Square, London E14 5HL, UK.

CONFIDENTIALITY & COPYRIGHT

The information contained in this report is confidential and is submitted by Trucost on the understanding that it will be used only by your staff and consultants. Where consultants are [self] employed, the use of this information is restricted to use in relation to your business. In particular, the contents of this report may not be disclosed in whole or in part to any other party without the prior written consent of Trucost.