

SBD PROCUREMENT POLICY

PURPOSE

This policy establishes the fundamental requirements of Stanley Black & Decker's Global Supply Management (GSM) department. GSM is considered the authority at SBD for the acquisition of goods and services from external sources. Responsible expenditure of SBD funds requires the proper consideration of price, quality, reliability, and data security, as well as consistent service and delivery terms.

SCOPE

This Policy applies to all officers, directors and employees of Stanley Black & Decker, Inc. and its subsidiaries worldwide who are involved in the procurement of goods and services.

DEFINITIONS

ASL: Approved Supplier List

Company: Stanley Black & Decker, Inc. and any company owned or controlled, directly or indirectly, by Stanley Black & Decker, Inc.

Company Personnel: Officers, Directors and employees of the Company.

Contract: The term "Contract" is a general term that can refer to any voluntary, deliberate, and legally binding agreement between two or more competent parties. For the purposes of this policy, it refers to Master Purchase Agreements (MPA), Master Service Agreements (MSA), Contract Manufacturing Agreements (CMA), and any other agreement that has the intent of defining the terms and conditions of the relationship between SBD and supplier. It does not necessarily include Purchase Orders, which define specific quantities of specific items to be delivered on a specific day and at specific price.

GSM: Global Supply Management. The centralized Corporate sourcing and supply management function reporting up into the SBD CPO.

Indirect Goods & Services Procurement: All purchases that are not direct materials that go into the products we sell.

ITSC: Information Technology Sourcing Center

One Card: A credit card used by SBD employees that is a combination T&E card and a Procurement card (to be used for some Indirect Goods & Services Procurement)

Procurement Personnel: Members of the Company's Global Supply Management Team and other employees, temporary employees and consultants who are responsible for the procurement of goods and services from outside parties on the Company's behalf.

Purchase Order: A purchase order (PO) is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers. Different types of purchase

orders include schedule line agreements, discreet POs, and blanket POs. Note in some systems e.g., SAP, Ariba, the term "contract" is also used in reference to a purchasing agreement. In these systems, the "contract" is to be treated as a PO and not as a master agreement as defined above under the Contract definition.

Statement of Work (SOW): Many consulting agreements are formalized in a Statement of Work, or SOW. The SOW should clearly define the scope of work agreed to, but should NOT be the formal commitment to purchase said services. The commitment to purchase will be the subsequent PO. No additional approvals are required for SOWs beyond the business / function / group who is defining the requirements and scope.

Suppliers: any person or entity (including, employees or agents of a person or entity) who is a vendor or is under consideration as a potential vendor to the Company.

POLICY

General Supply Management

All Company personnel must engage with GSM to enable purchasing decisions that deliver the best value to Stanley Black & Decker and its clients on a consistent basis. Exceptions to this policy may be granted under the sole authority of SBD CFOs or the SBD CPO. Note GSM is considered engaged if purchasing against a GSM approved contract, or if utilizing a supplier on the Approved Supplier List.

Engaging with GSM in all procurement activity at any level enables GSM to:

- Maximize SBD opportunities to aggregate demand across SBD business units, functions, and regions, and ensure all applicable requirements are met
- Ensure SBD complies with all applicable laws and standards of business conduct when engaging with suppliers
- Drive competitive bidding and aggressive negotiations using SBD's required e-Sourcing tools for sourcing events and supplier selection
- Manage the performance of the SBD supply base to operate as a seamless extension of the SBD service delivery model

This policy applies to all aspects of the procurement life cycle, including supplier identification, evaluation, negotiation, contracting, on-boarding, transacting, and ongoing management of contractual terms and conditions.

Note: GSM and ITSC perform these functions for all IT purchases including software, hardware and services such as technology consulting and Software-as-a-Service (SAAS) solutions.

Master Agreements / Contracts

GSM is accountable for the development of SBD supplier strategies that optimize cost, leverage SBD total spend, maximize SBD purchasing power, and minimize risk.

All supplier contracts governed by this policy require an authorized GSM signature and adhere to other DOA requirements. All contract amendments or SOWs that amend the terms and conditions on governing master contracts require a GSM-authorized signature per the DOA.

Where possible, GSM will void all contracts not compliant with policy and take requisite action against instances of policy violation including but not limited to official warning, suspension of contract signing authority and termination, at the discretion of the business leadership, Legal, and GSM Leadership.

Additional Requirements for Indirect Goods & Services

Barring statutory / legal requirements to the contrary, GSM is the single authorized agent to source, negotiate, establish rates, prices and terms for, sign contracts with, award business for, and add or delete suppliers and service providers of indirect goods and services.

Note: ITSC will facilitate obtaining all IT approvals for IT contracts.

Operational Procurement

There are three approved channels for purchasing (where applicable):

1. Purchase Order out of the ERP system or
2. eProcure (Ariba P2P)
3. One Card (Travel & Expense / Procurement Card) for indirect goods & services transactions <\$2000 USD equivalent, only if a catalog is not available in eProcure

No PO, No Buy: But for card transactions, all purchases of goods and services must be ordered using a Purchase Order or other Procurement approved channel, unless prevented by system constraints (additional exceptions noted in the "Procurement Channels" section below). A fully approved PO is required **prior** to ordering products or services. Goods or services must only be supplied when a valid purchase order number has been issued by the business or function to the supplier. SBD reserves the right return invoices to suppliers unless a valid and complete invoice is provided that includes reference to the applicable purchase order.

Note after-the-fact purchase orders are in violation of the spirit of this policy. The Accounts Payable department is not authorized to pay invoices where the PO is dated **after** the invoice date without the approval of the SBD CPO and VP Global Shared Services.

The business must notify the GSM Category Manager assigned to the respective category prior to initiation of all procurement activity in excess of \$100K USD in annual spend.

Any purchase that is not against a GSM-approved contract or catalog, must be competitively bid (minimum of three suppliers included in quote) prior to the purchase commitment where practical. The quoting process should include, where possible, a certified diverse supplier for consideration where practical. Exceptions to this process must be approved by GSM.

Purchase Orders are to cover no more than a 12-month period.

Approved Supplier List (ASL): ASL's are required within the category (commodity) structure to ensure proper supplier selection. Suppliers identified as "Exit" are not to be used.

Adding Suppliers: Requests to add suppliers are facilitated by MetaStorm where supported by GSS. To reduce proliferation of our supply base, note requests to add a supplier should be accompanied with a request to deactivate 2 other current suppliers.

Additional Requirements for Indirect Goods & Services

ASL (Approved Supplier List) identifies pre-approved suppliers that have approved contracts with preferred pricing for selection when purchasing nonproduction goods and services. When ASL suppliers are not selected, GSM must approve exceptions prior to placing order.

In addition to the approvals required per the DOA, the following categories will also require GSM approval from the appropriate leader

- *Motor vehicles*
- *Aircraft & Related Expenses*
- *Vehicle bodies and trailers*
- *Computer equipment and accessories*
- *Office machines*
- *Security surveillance and detection*
- *Public utilities and public sector related services*
- *Recruiting*
- *Temp Labor*
- *Telecommunications Carrier Contracts*

Procurement Channels

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The following Indirect categories are "exceptions" and follow the process listed

- Categories to be processed via check request (or Urgent Payment Portal in Europe)
 - Charitable Donations & Scholarships
 - Taxes and Other Government Payments
 - Treasury Ratings Agencies
 - Employee Insurance & Benefits
 - Customer Rebates, Refunds, Warranties
 - Banking Transactions
 - Payments to Employees, Board Members, Other Individuals
- Categories procured through other approved channels
 - Telecommunications (TEMS / Tailwind – US)
 - Real Estate Rents & Leases (CoStar – US)
 - Utilities (THG Energy Portal – US)
 - Legal Services (Thomson Reuters Legal Tracker, aka "Serengeti" – US)
 - Freight (Centralized Freight Pay System – US)
 - Matching Gifts (TX Shuttle – US)
 - Mobile Phone Hardware (IT Service Now)

CONTACT

Questions regarding the guidelines for Procurement Personnel should be directed to:

Mike Prado, Vice President of Procurement

Phone: 1-860-438-3462

Email: Mike.Prado@sbdinc.com

REPORTING OF POLICY VIOLATION

Actual or suspected violations of this policy should be reported through the Company's ethics line, integrity@sbdinc.com. Local telephone numbers that may be used for reporting can be found on the Integrity@SBD pages of the Company's Code of Business Ethics and on the Integrity@SBD page on e-Central. Reports may be made anonymously.

PENALTY FOR VIOLATION OF POLICY

Any of the aforementioned procurement or purchasing activities conducted outside of GSM, or outside of GSM tools, is considered 'shadow procurement'. SBD does not accept 'shadow procurement' as a valid approach to the delivery of procurement services.

Compliance to this Procurement Policy and Approved Supplier Lists (ASLs) is mandatory. Violations will be cause for disciplinary action, up to and including termination of employment.

RELATED DOCUMENTS/REFERENCES/APPENDICES

Corporate Policies

- Code of Business Ethics
- Anti-Bribery & Anti-Corruption Policy
- Gift & Entertainment Policy
- Delegation of Authority
- T&E Policy

Finance & Accounting Policies

- Consignment Inventory
- Payment Card Industry Standards
- Global Vendor Invoice Requirements
- Vendor Master Policy

Procurement Policies

- Capital Expenditure Payment Terms
- Credit Policy
- EHSS Policy
- Office Machine Policy
- Travel and Corporate Card Policy and Procedure
- US Truck Rental Policy

Information Technology Policies

- Mobile/Wireless Device Policy
- Software Use and Licensing Policy