

Assurance statement: AA1000



S&P Dow Jones Indices
ESG Analysis

Addendum: Scope 3 Assurance*

Trucost was engaged by **Stanley Black & Decker** to provide assurance of the environmental data held within its 2018 CDP 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 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 AA1000AS (2008) Principles of inclusivity, materiality and responsiveness (the Principles)
- ✓ The reliability of specified environmental performance information (greenhouse gas emissions)

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 CDP Response, encompassing the period of 1 January 2017 – 31 December 2017. Trucost was asked to assure reporting for Scope 3 greenhouse gas emissions, categories 1: Purchased goods and services, 4: Upstream transportation and distribution, 5: Waste generated in operations, 9: Downstream transportation and distribution, and 11: Use of sold products. Trucost verified the environmental impacts, as calculated by Quantis on behalf of SBD, within the table in the next column.

Scope 3 emissions are largely associated with activity outside of SBD control and therefore primary data is not available for all calculations. A combination of primary data and secondary process life cycle analysis (LCA) and input output modelling was used to determine SBD's emissions.

SCOPE 3 CATEGORY	SOURCE	UNIT	QUANTITY
Category 1: Purchased goods and services	Process-sum (goods) EIO (services)		9,773,188
Category 4: Upstream transportation and distribution	Process sum		1,653,645
Category 5: Waste generated in operations	Process-sum	Metric tons CO ₂ e	12,374
Category 9: Downstream transportation and distribution	Process sum		984,335
Category 11: use of sold products	Process sum		1,515,179

*Trucost have also assured SBD's Scope 1 & 2 GHG emissions, hazardous waste, VOC emissions, employee safety, as well as energy use and water use. These are included on a separate assurance statement for clarity, but this statement can be considered to be relevant alongside and not in place of said document.

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 data
- Verification of the methodologies, calculations, data sources and emissions used by Quantis in completing the third party scope 3 calculations on SBD's behalf.

The principles: Nothing came to Trucost's attention to suggest that SBD's Scope 3 CDP Response does not adhere to the AA1000 Principles.

Data and analytical reliability: Quantis and SBD have implemented rigorous processes to collect, analyze and aggregate data on Scope 3 GHG emissions. Upon evaluating source data, calculations and methodologies, Trucost found that data and analysis were accurate overall and any minor corrections were made as necessary.

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The following qualitative review of SBD's adherence to the AA1000 principles refers specifically to the Scope 3 GHG emission processes and supports the wider adherence of the principles as described in the additional assurance statement for wider key performance indicators.

PRINCIPLE	COMMENTS
Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability	SBD has been strategically adopting measures to encourage participation of stakeholders in an effort to improve engagement on sustainability issues. SBD engages a third party environmental analytics company Quantis to calculate its Scope 3 GHG emissions. For Scope 3 GHG emissions specifically, SBD gathers data from a range of stakeholders including suppliers (such as transportation service providers) to collect robust data to inform analysis.
Materiality: determining the relevance and significance of an issue to an organization and its stakeholders	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. All relevant Scope 3 categories are calculated, with the omission only of those categories which are not applicable to SBD activities such as leased assets and processing of sold products. SBD have identified both upstream (supply chain) and downstream impacts as material, and as such use external life cycle assessment and input output modelling to calculate these emissions which fall outside of its own practices. Furthermore, specific scope and approach of the Scope 3 GHG emissions calculations varies across the different categories and materiality of data and emissions is considered.
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	SBD's strategy to ensure appropriate governance to align with the ISO 26000 standard is through robust data management and the materiality framework. This includes Scope 3 data across a variety of categories and Quantis aims to continually improve analysis year-on-year where possible, through refinement of modelling techniques, sourcing of more granular data and improvement on assumptions if appropriate. In addition, SBD will expand verification across a wider number of key performance indicators to further strengthen the confidence in calculations and findings. SBD have now set a Science Based Target to reduce Scope 3 emissions by 35% by 2030, using 2017 as a base year. The scope 3 target covers the emissions from purchased goods and services and upstream and downstream transportation and distribution, identified as over 80% of the Scope 3 footprint

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.

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Trucost, part of S&P Dow Jones Indices



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