

**StanleyBlack&Decker**

# 2020 ESG HIGHLIGHTS



# AT-A-GLANCE

## A Global Industrial Leader

### TOOLS & STORAGE

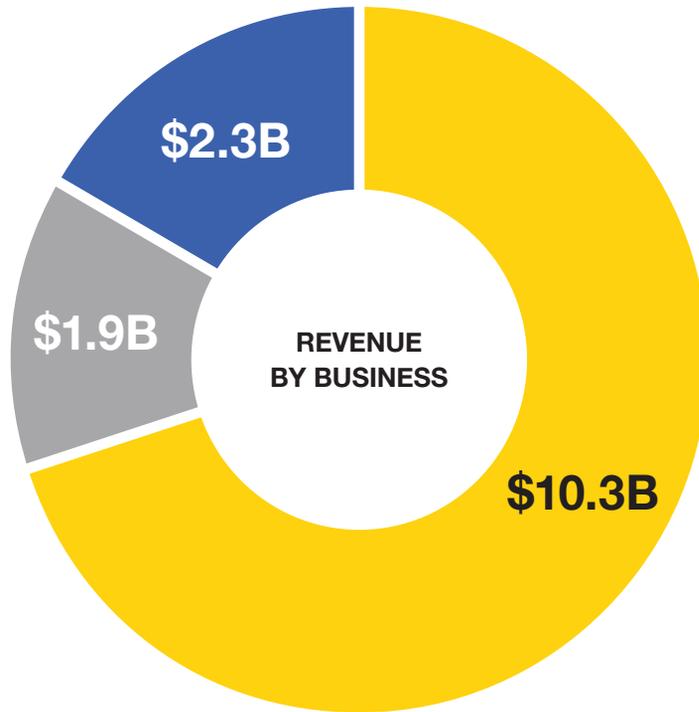
The worldwide leader in tools and storage, we create the tools that build and maintain the world. Tradespeople and Do-It-Yourselfers alike rely on us every day for the toughest, strongest, most innovative hand tools, power tools and storage solutions in the market.

### INDUSTRIAL

We build the solutions that keep your world running seamlessly—from preferred engineered fastening solutions in the automotive and industrial channels to infrastructure solutions including hydraulic tools and attachments.

### SECURITY

We deliver peace of mind with advanced electronic safety, security and monitoring solutions, automatic doors, and sophisticated patient safety, asset tracking and productivity solutions.



## 2020 Financial Highlights

#### TOTAL REVENUES

**\$14.5B**

+10% Second-Half Organic Growth

#### GROSS MARGIN

**34.7%\***

Up 120 Bps Versus Prior Year

#### RECORD OPERATING MARGIN

**14.6%\***

Up 110 Bps Versus Prior Year

#### EARNINGS PER SHARE

**\$9.04\***

Up 8% Versus Prior Year

#### RECORD FREE CASH FLOW

**\$1.7B**

136% of Net Income

#### CASH FLOW RETURN ON INVESTMENT

**~16%**

\* Excludes M&A Related and Other Charges

# A FORCE FOR GOOD

Unimaginable. Unpredictable. 2020 was a year we won't soon forget. It was challenging for all of us and devastating for far too many. As a sudden global pandemic ripped through the world, economies and businesses were brought to a halt, disrupting countless lives and sowing uncertainty, wave upon wave.



But the makers persevered. Essential work continued, with quiet heroism and extraordinary effort. As a global business and as individuals who care deeply about the world, it was our mission to help people and communities persevere through this unprecedented crisis.

At Stanley Black & Decker, we have always seen “doing well” and “doing good” as two sides of the same coin. If we help people and the planet flourish, so will our business. Every day, we work to inspire makers and innovators to create a more sustainable world. Because we believe, as a leading global corporation, we have a broader role to play in society beyond financial success. We have a long history of and a deep focus on environment, health and safety, social responsibility and community engagement to build on.

Our consolidated ESG report celebrates our people, our purpose and our successes even in the face of a global pandemic. Our unwavering commitments continue to foster sustainability, empower people and communities across the world, and guide our conduct as a leader in responsible performance.

Thank you for following our progress through these extraordinary times. I encourage you to engage with us, as we work together to improve the world we all share.

Sincerely,

**James M. Loree**

Chief Executive Officer

## 2020 Targets\* Met by Mid-Year

**20%**

reduction in our energy use, carbon emissions, water use and waste generated in our facilities

**80%**

of waste generated will be recycled or reused

**65%**

of our manufacturing sites and distribution centers externally EMS certified

**10%+**

renewable energy consumption

**0**

life-changing injuries

\*On 2015 baseline. See our newly established 2023 operational goals on page 12.

## Our 2030 Global Corporate Social Responsibility Strategy



### PEOPLE EMPOWER MAKERS

Enable 10 million creators and makers to thrive in a changing world



### PRODUCT INNOVATE WITH PURPOSE

Innovate our products to enhance the lives of 500 million people and improve environmental impacts



### PLANET CREATE A MORE SUSTAINABLE WORLD

Positively impact the environment through our operations

# PEOPLE EMPOWER MAKERS



We are committed to helping our employees and communities, particularly the next generation, gain the skills and expertise needed to thrive in this changing world.

The nature of work and jobs keeps changing, driven by industrial and technological innovations, but also by transformative events such as the global pandemic and even the looming threat of dislocations brought about by climate change. Globally, 10 million jobs in manufacturing remain unfilled due to skill gaps. We are uniquely positioned to help.

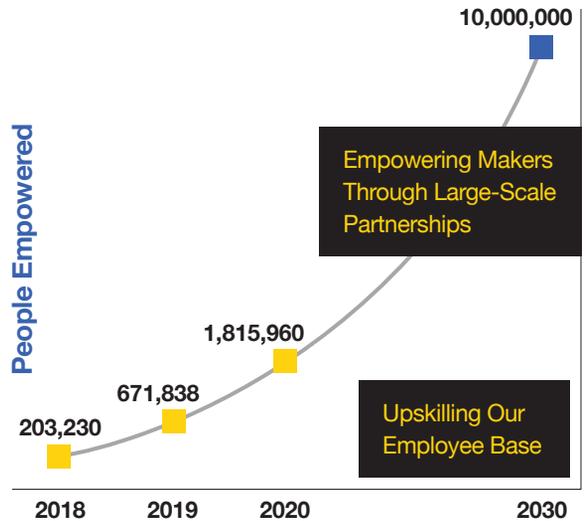
## EMPOWERING OUR COMMUNITIES

We want the communities where we live and work to thrive, and to help others revitalize their communities as well. Around the world, we support education, learning and upskilling. This commitment was intensely tested throughout the global pandemic in 2020, and our people and business met the challenge with extraordinary effort and resolve.

## ENHANCING SKILLS

We are helping our employees and the makers of tomorrow master the skills and expertise needed to secure productive jobs and revitalize communities, now and well into the future, even as the nature of jobs and work itself rapidly evolves.

### EMPOWER 10 MILLION MAKERS AND CREATORS BY 2030



2030 UNITED NATIONS  
SUSTAINABLE  
DEVELOPMENT GOALS



## Our Pandemic Priorities

Keeping our employees and their families safe and healthy

Ensuring continuity of operations and financial strength to deliver to our customers

Doing our part to help communities and governments mitigate the impact of the virus across the globe

## Fighting the COVID-19 Global Pandemic

In navigating the COVID-19 pandemic, we quickly aligned our global organization around three priorities and took actions to protect our employees and the business while positioning the company to thrive. Across our global footprint, from China to Poland to South Africa, our people and local businesses responded to combat the COVID-19 pandemic both within our walls and in our local communities.

## DIVERSITY, EQUITY AND INCLUSION

We strive to build and nurture a culture where all employees can thrive and where inclusiveness is a reflex, not an initiative—where there is a deep sense of pride, passion and belonging that transcends any role, business unit, language or country.

## Taking a Stand on Social Justice

In the face of incidents of stark racial injustice in the U.S., we made a public statement of solidarity with the Black community and all who want to see justice and human dignity prevail:

**WE ARE FOR THOSE WHO  
DEMAND JUSTICE, TAKE A STAND  
FOR EQUALITY AND COMMIT TO  
INCLUSIVITY FOR ALL.**

**#TogetherWeAreMore**

## Our Contributions to Pandemic Relief

**\$10M**

For pandemic relief in 2020

**\$5M**

Employee relief fund

**3M Face Masks**

And large quantities of other personal protective equipment purchased for frontline healthcare workers and first responders

**50-50**

We have committed to achieving gender parity in leadership by 2030.



For the full stories on these and other topics, including Empowering Our People, Maker Month, STEAM Initiatives, Our 10 Commitments to Support Racial Equity, and Human Rights, please visit:

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PEOPLE](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PEOPLE)

PRODUCT  
**INNOVATE WITH PURPOSE**



Groundbreaking innovations and a continual stream of novel solutions have driven our success and will continue to do so. We harness our strengths to develop new products and services that fulfill critical societal needs and help to create a better world for us all.

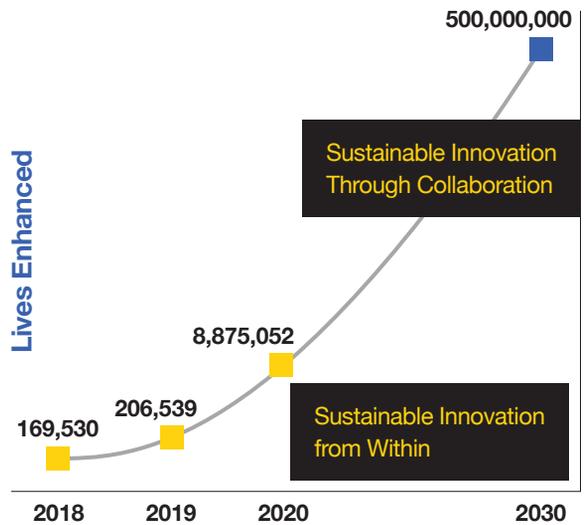
**MORE SUSTAINABLE PRODUCTS**

Inspired by our purpose, we are actively working to make the world more sustainable through our innovative products and services. Through our work, we aim to improve the environmental and societal impacts of our products across their lifecycle, including design, use and end-of-life. Showcased in our consolidated ESG report are products addressing key societal needs such as COVID-19 response, emission reductions through electrification, and upskilling the workforce.

**INNOVATION AND SUSTAINABILITY**

Innovation and sustainability are core to our future and intertwined in our culture. To foster rapid, pervasive and sustainable innovation and to capitalize on the pace of change, we have advanced our innovation ecosystem. It is designed to maximize the potential of internal resources and external partnerships through collaborative relationships with entrepreneurs, academic institutions, research labs and other parties. Together we are exploring key technologies, new materials and new thinking that can be applied to our manufacturing and business processes resulting in sustainable innovation **For Those Who Make The World™**.

**INNOVATE OUR PRODUCTS TO ENHANCE THE LIVES OF 500 MILLION PEOPLE BY 2030**



**2030 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**





## CIRCULAR DESIGN

We ensure improved sustainability within our product lifecycles by incorporating groundbreaking circular design and processes—everything from material selection to operation to end-of-life considerations. We’re using more sustainable materials, including increasing our use of post-consumer recycled content and investing in sustainable materials via STANLEY Ventures. We are also focusing innovation on the size of packaging, decreasing the amount of packaging material needed and increasing the number of products that fit on a pallet and in a shipping container—saving on both transportation costs and environmental impact. Finally, through our founding partnership with Call2Recycle, we provide consumers a straightforward way to participate in innovative, sustainable initiatives that avoid batteries being consigned to landfill.

## Electrification to Reduce Fossil Fuel Use in Outdoor Products

We are focused on developing lower emission solutions in outdoor power equipment that deliver leading performance, runtime and value. In addition, these products reduce noise pollution. Our 2020 sales of electric string trimmers, blowers, hedge trimmers, chainsaws and walk-behind mowers totaled \$650 million, and if those products had been gas powered, it would have resulted in an additional 168,000 metric tons of CO<sub>2</sub>e over the lifetime of these products. Our plans include, through our collaborations with MTD, investing in electrifying large outdoor equipment.

## PARTNERING WITH OUR SUPPLIERS ON SUSTAINABILITY

We partner with our suppliers to maintain a world class, integrated supply chain, while supporting their pursuit of continuous improvement and operational excellence. At the same time, we expect our suppliers to meet the highest standards of quality, ethics and sustainability as outlined in our Stanley Black & Decker Supplier Handbook. We have set ambitious targets for our supply chain in terms of emissions reductions and encourage our suppliers to participate in our CDP Supply Chain Program.

### 2025 Target

Two-thirds of supply chain by spend setting Scope 1 and Scope 2 science-based targets

### 2030 Target

35% reduction in Scope 3 emissions against 2017 baseline

For the full stories on these and other product-related topics, including Techstars Sustainability Challenge, partnering with Greentown Labs, STANLEY Engineered Fastening: Solutions for EV and Hybrids, Improvements in Packaging, and Supplier Diversity, please visit:

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PRODUCT](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PRODUCT)

# PLANET CREATE A MORE SUSTAINABLE WORLD



At Stanley Black & Decker, our commitment to environmental sustainability remains core to the way we operate, particularly with regard to climate, waste and water.

Our 2030 targets of becoming better than carbon neutral (what we call carbon positive), achieving zero waste to landfill (ZWTL) and ensuring sustainable water use across our operations continues to reflect our long-standing commitment to make a lasting, positive change for our communities and the world.

Sustainability is a fundamental part of our culture, as demonstrated through our support of and alignment with the UN Sustainable Development Goals. We work actively toward cleaner water, minimizing waste generation and landfilling, and reducing our greenhouse gas emissions to lessen climate risk and find climate opportunity.

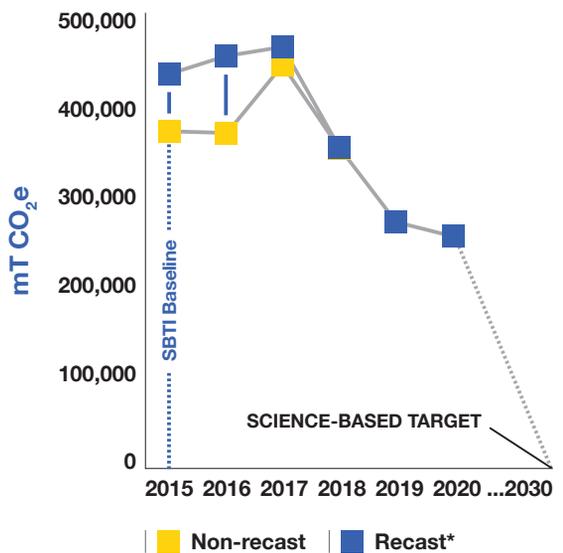
## BECOMING CARBON POSITIVE BY 2030

As part of our science-based target commitment, we seek to reduce absolute Scope 1 and Scope 2 carbon emissions 100% by 2030, against a 2015 baseline, then move to carbon positivity, meaning our carbon capture is greater than our carbon emission.

### Renewable Energy Credit Investment

Our short-term commitment to investing in Renewable Energy Credits (RECs) enabled us to cover our total Scope 2 (electricity) load for North America, totaling over 300,000 kwh of electricity use. Our next strategic step is to balance this investment with a suitable Virtual Power Purchase Agreement (VPPA).

## CARBON POSITIVE ACROSS OUR OPERATIONS BY 2030



Scope 1: Mobile & Stationary  
Scope 2: Purchased Electricity

\*Recast accounts for acquisition, consolidation and divestment

2030 UNITED NATIONS  
SUSTAINABLE  
DEVELOPMENT GOALS





## Solar Energy

In 2020, we generated over 10,000 MWh of electricity from on-site self-generation solar energy installations across our operations. Of this amount, we made direct use of 7,000 MWh of that solar energy, avoiding roughly 3,000 metric tons of carbon emissions. During 2020, we also completed another three solar projects, adding to our existing network of solar arrays. These three projects have the capacity to deliver an additional 2,000 metric tons of carbon emissions avoidance. Not stopping there, we have begun due diligence on four more solar projects across North America.



## SUSTAINABLE WATER USE

Our water stewardship journey continues as we look to lead and initiate action-based projects with local communities, industry and water basin authorities—the result of which will help to successfully fulfill our goal to create a more sustainable world. In 2020, we stepped up our water stewardship by introducing a context-based approach. To successfully move from our globally uniform targets to reduce water intensity to locally relevant contextual water targets, we worked with the World Wildlife Fund (WWF).

## ZERO WASTE TO LANDFILL ACROSS OUR OPERATIONS BY 2030

In pursuing this ambitious 2030 target, we are proud to report that 53 of our manufacturing and distribution sites have achieved Zero Waste to Landfill (ZWTL) status. Despite some setbacks due to unforeseen circumstances in 2020, we fully expect that with management system enhancements and third-party support and assurance, together with sharing of best management practices, we will achieve our 2023 interim goal of 60% of operations to achieve ZWTL status.

For the full stories on these and other related topics, including our VPPA Partnership with Schneider Electric, our Carbon Upcycling Partnership, and our Chiro plant in Taiwan's water project, please visit:

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PLANET](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/PLANET)

GOVERNANCE  
**RESPONSIBLE OVERSIGHT**



The Board provides independent oversight of the company and management to establish and review progress on short-term and long-term business strategy, risk management, executive compensation, and corporate social responsibility and governance.

The following framework ensures accountability to our shareholders through governance policies aligned with best practices:

<b>Annual election of Directors</b>	<b>Independent Board, other than our Chief Executive Officer</b>	<b>Appointment of independent Chairman</b>
<b>Proxy access</b>	<b>No Poison Pill</b>	<b>No excise tax gross-ups under change in control agreements with Executive Officers</b>
<b>Meeting of independent Directors in executive session at every board meeting</b>	<b>Policy against hedging or pledging company stock applicable to all Directors and Executive Officers</b>	<b>Recoupment policy related to unearned equity and cash incentive compensation</b>
<b>Robust stock ownership guidelines for Directors and Executive Officers</b>	<b>Shareholder right to call special meetings</b>	<b>Annual board and committee self-evaluation</b>
<b>Shareholder-approved director fee cap</b>	<b>Double trigger vesting provisions upon change in control and qualifying termination of employment for replacement awards to vest</b>	

**FOR THOSE WHO MAKE THE WORLD™**  
**WE ARE BOLD AND AGILE, YET THOUGHTFUL AND DISCIPLINED**



**WE'RE BOLD TO BREAK THE MOLD**

**COURAGE & INNOVATION**

Bravely Innovate Without Boundaries  
 Generate And Embrace New Ideas  
 Drive Cutting-Edge Digital Solutions  
 Foster Creativity For Exponential Growth



**WE CUT THROUGH CHALLENGES**

**AGILITY & PERFORMANCE**

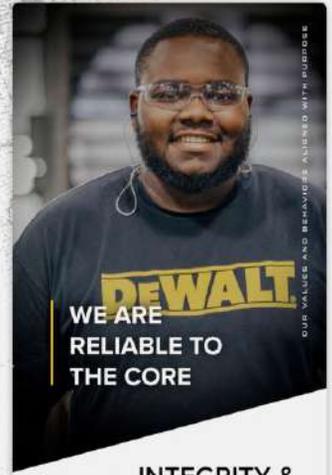
Simplify To Accelerate Business Results  
 Anticipate, Quickly Adapt To And Lead Changes  
 Focus On The Right Things And Take Action  
 Perform In Ways That Exceed Expectations



**WE JOIN FORCES FOR SUSTAINABILITY**

**INCLUSIVITY & COLLABORATION**

Respect And Leverage All Aspects Of Diversity  
 Make Decisions With An Inclusive, Global View  
 Collaborate To Amplify Customer Value  
 Communicate To Drive Meaningful Outcomes



**WE ARE RELIABLE TO THE CORE**

**INTEGRITY & ACCOUNTABILITY**

Operate With Highest Ethical Standards  
 Be Who You Are, Build Trusted Relationships  
 Act With Transparency And Positive Intent  
 Live Up To Commitments And Own The Results

**Our Corporate Values**

At Stanley Black & Decker, we have always been firmly committed to strong governance and our business culture is rooted in ethical behavior. We aim to be bold and agile, yet thoughtful and disciplined. Knowing that each of us influences our company's success, we aspire to make a positive difference in the world.

**Policies Aligned with Shareholders**

We place a high priority on continual, proactive engagement with our shareholders to better understand their perspectives about Stanley Black & Decker and the general market. Throughout 2020, we reached out to shareholders representing approximately 65% of our outstanding shares to engage on a broad range of environmental, social and governance (ESG) topics.

[STANLEYBLACKANDDECKER.COM/WHO-WE-ARE/CODE-BUSINESS-ETHICS](https://www.stanleyblackanddecker.com/who-we-are/code-business-ethics)  
[STANLEYBLACKANDDECKER.COM/WHO-WE-ARE/CODE-BUSINESS-ETHICS/ACHIEVING-PERFORMANCE-WE-CAN-BE-PROUD](https://www.stanleyblackanddecker.com/who-we-are/code-business-ethics/achieving-performance-we-can-be-proud)

**Management Compensation**

The philosophy underlying our executive compensation program is to provide a competitive, performance-based compensation package that allows us to attract, motivate and retain high caliber executives who drive our success.

**Our Board of Directors**

Our Board is committed to maintaining a diverse membership of qualifications, skills, perspectives and experiences that support the company's strategy and evolving approach to our business model, and to position the company for the future.

[STANLEYBLACKANDDECKER.COM/WHO-WE-ARE/BOARD-DIRECTORS](https://www.stanleyblackanddecker.com/who-we-are/board-directors)

For a profile of our Board and the full stories on governance-related topics, please visit:

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/GOVERNANCE](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/GOVERNANCE)



# METRICS AND INDICATORS

Using 2015 as a baseline, we set five-year targets to reduce adverse impacts on our people and our planet while improving the sustainability of our products—and met them early. We have now set our sights on new 2023 interim goals. Setting shorter-term goals that remain fully aligned with our longer-term strategic objectives is key to ensuring local engagement, participation, adaptation, momentum and transparency.

## Our 2023 Operational Goals

### ENERGY

Reduce operational\* energy intensity by 5% against 2020 baseline

### CARBON

Maintain an 8% year-over-year absolute reduction  
Decarbonize 5% of our global service fleet

### WASTE

60% of our manufacturing and distribution sites to achieve Zero Waste to Landfill status  
90% recycled waste

### WATER

Reduce operational\* water intensity by 5% against 2020 baseline

### SAFETY

Zero life-changing events (LCE)

\*operational = manufacturing + distribution centers only

## Recognition

### FORTUNE

World's Most Admired Companies

### DOW JONES SUSTAINABILITY INDEX

3rd Consecutive Year—World Index  
10th Consecutive Year—North America Index

### FORBES

America's Best Large Employers  
America's Best Employers for Women  
America's Best Companies for Diversity

### FAST COMPANY

#50 Best Workplace for Innovators

### CDP

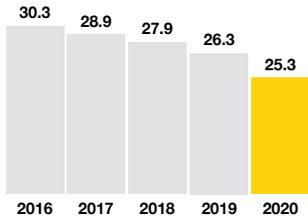
3rd Consecutive Year—CDP A List for Climate Change & Water Security

### CORPORATE EQUALITY INDEX

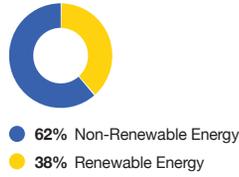
Best Places to Work for LGBTQ Equality

# SUSTAINABILITY SCORECARD

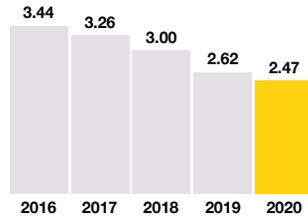
## ENERGY INTENSITY (KBTU/HR)



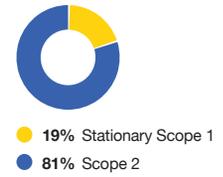
### 2020 RENEWABLE ENERGY SOURCE %



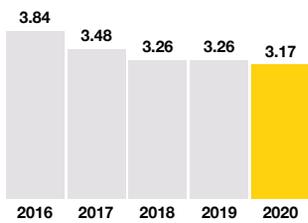
## CARBON INTENSITY (MT/KHR)



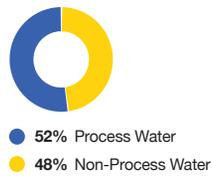
### 2020 STATIONARY SCOPE 1 | SCOPE 2 EMISSIONS %



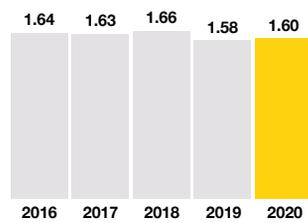
## WATER INTENSITY (GAL/HR)



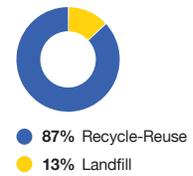
### 2020 WATER USES %



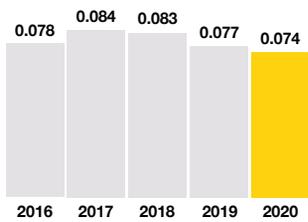
## WASTE INTENSITY (LBS/HR)



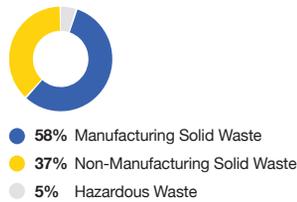
### 2020 WASTE DISPOSITION BY TYPE %



## HAZARDOUS WASTE (LBS/HR)

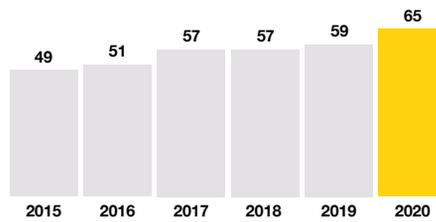


### 2020 WASTE GENERATION BY CLASS %



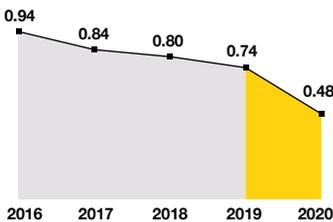
## MANAGEMENT SYSTEM

### EXTERNAL CERTIFICATIONS (% MFG | DC)

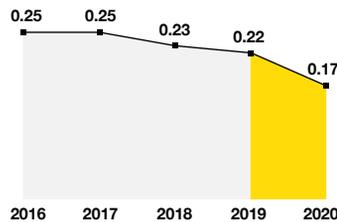


## SAFETY INJURY/ILLNESS RATES

### TOTAL RECORDABLE RATE (INCIDENTS/100 HEADS)



### LOST TIME RATE (INCIDENTS/100 HEADS)



### INJURY/ILLNESS BREAKDOWN %



For a profile of our Metrics and Indicators, please visit:

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/METRICS](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/METRICS)



## CONSOLIDATED ESG REPORT

Stanley Black & Decker's consolidated ESG report updates stakeholders on our strategies and progress toward our commitments and is organized in four main subsections: People/Empower Makers; Products/Innovate with Purpose; Planet/Create a More Sustainable World; and Governance. It also includes a sustainability scorecard of key performance indicators and links to a materiality assessment.

Stanley Black and Decker has a long-standing commitment to environmental, social and governance (ESG) issues, including human rights, fair labor practices, the environment and anti-corruption. As a signatory to the United Nations Global Compact (UNGC), Stanley Black and Decker supports the UNGC's 10 principles. We have applied these principles in the strategy and operations of our company, and our action on these topics is expressed throughout our reporting materials—including the CEO letter in our annual consolidated ESG report.

The online, consolidated ESG report has been prepared in accordance with Global Reporting Initiative (GRI) standards (Core option), which continues to guide the evolution of our reporting on environmental, social and governance performance. We also publish disclosures under three

Sustainability Accounting Standards Board (SASB) sections: Industrial Machinery and Goods Manufacturing; Appliance Manufacturing; and Electrical and Electronic Equipment Manufacturing.

The online, consolidated ESG report includes forward-looking statements about our business plans, initiatives and objectives, which may change based on subsequent developments.

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/GRI](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/GRI)

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/SASB](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/SASB)

[2020ESGREPORT.STANLEYBLACKANDDECKER.COM/UNGC](https://2020ESGREPORT.STANLEYBLACKANDDECKER.COM/UNGC)

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