

STANLEY BLACK & DECKER PROCUREMENT POLICY

Contents

STANLEY BLACK & DECKER PROCUREMENT POLICY	2
PURPOSE	2
SCOPE	2
DEFINITIONS	2
POLICY	3
Global Supply Management	3
Master Agreements / Contracts.....	3
GSM ENGAGEMENT.....	4
OPERATIONAL PROCUREMENT	4
PROCUREMENT CHANNELS.....	5
RISK MANAGEMENT - ADDING NEW SUPPLIERS:	6
CAPITAL EXPENDITURE:	8
CONTACT.....	8
REPORTING OF POLICY VIOLATION.....	8
PENALTY FOR VIOLATION OF POLICY	9
DOCUMENTS/REFERENCES/APPENDICES.....	9
Corporate Policies.....	9
PERIODIC REVIEW OF THE PROCUREMENT POLICY	9

STANLEY BLACK & DECKER PROCUREMENT POLICY

PURPOSE

This policy establishes the requirements that govern the purchase of goods and services from third-party vendors. Also, refer to the GSS 07 Payment procedures policy to understand how the payments are processed.

SCOPE

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

DEFINITIONS

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 - 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 third-party vendors. It does not include Purchase Orders (POs), which define specific quantities of specific items to be delivered on a specific day and at a specific price.

Direct Goods & Services - Procurement of goods, materials or services directly related to the production of goods that the company is offering (e.g. commodities, purchased components, finished goods).

Indirect Goods & Services - Procurement of goods, materials and services that are not direct but are required to operate the business (e.g. Information Technology, professional services, Human Resources, utilities).

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

Purchase Order (PO) - A document issued by a buyer to a seller, indicating types, quantities, agreed on prices, and other requirements for the purchase of goods and/or services.

Suppliers - Any external person or entity that has been approved as a supplier and from which SBD purchases goods and/or services.

POLICY

Global Supply Management

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

Complying with the Global Supply Management procurement policy enables SBD 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 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

Master Agreements / Contracts

Third-party vendors that have direct annual spend more than USD \$1M or indirect annual spend in excess USD \$500K must have a Contract approved by Legal. Only standard SBD contract templates should be utilized unless prior authorization is received from a corporate legal representative.

Regardless of the above thresholds, SBD employees should not disclose, share or pursue, accept or retain any nonpublic information without a written, signed confidential non-disclosure agreement (NDA).

Contracts signed by Stanley Black & Decker Inc and whose scope are across SBD business units, locations and regions, require:

- review and approval by a corporate legal representative
- an authorized Global Supply Management signature
- adherence to SBD's Delegation of Authority (DOA) requirements

Contracts signed by local SBD entities with third-party vendors and whose scope is limited to that area, require:

- a local legal representative signature
- adherence to SBD's DOA requirements

Irrespective of these thresholds, a contract is required for transactions involving capital equipment, products and services that are vital to ensure business continuity and for transactions that have the potential to expose the company to substantial risks (e.g. inventory risks, data privacy risks, etc.).

Contracts are for fixed terms to cover no more than a 36-month period. Contracts may be subject to renewal at the end of the fixed term at the express written consent of the parties. Except where required by applicable local laws, contracts should not have "evergreen" renewal clauses where contracts auto-renew at the end of the fixed term.

Any exception to this procurement policy including Contracts with non-standard terms or conditions require approval from GSM Legal, GSM Controller & Regional Operations Controllers. All approvals need to be in writing and saved in the iCertis Contract Management Tool for audit purposes.

Contracts should be stored in the iCertis Contract Management Tool, and where possible, DOA and deviation approvals should be obtained through iCertis. There may be instances where iCertis

does not support a contract template for a specific region or type of contract, in these instances it is best practice to utilize DocuSign for DOA approvals and then upload the signed and executed contract with DOA approvals into iCertis.

GSM ENGAGEMENT

The Global supply management (GSM) team must be engaged at the time of a purchasing need identified by an SBD employee.

OPERATIONAL PROCUREMENT

The below are the only approved channels for purchasing (where applicable):

1. Purchase Order out of the ERP system or
2. eProcure (Ariba P2P) or
3. NPS or
4. P Cards/Corporate cards

Corporate cards or P cards may be utilized for indirect purchases of up to USD \$100. Such purchases are subjected to the following conditions:

- Goods or services to be purchased must not be available in any catalogs in Ariba or any ERPs
- The vendor and the goods or services to be purchased are used "one-off" or purchased "off-the-shelf" from a vendor where payment is required immediately upon purchase
- Purchasers must obtain prior approval from their functional leader who oversees their budget, before making such purchases on their corporate card or P cards. The approval obtained must be retained for audit purposes and must be submitted along with the expense report.
- P-card activity will be monitored for compliance

Commitments to vendors must not be made verbally, through email, or other channels outside of approved purchase orders and agreements.

Maintenance, Repair, and Operations supplies must be purchased via an eCatalog within Ariba with a Preferred Vendor whenever possible. Corporate Cards must not be used for Maintenance, Repair, and Operations (MRO) supplies, office supplies, uniforms, shop supplies, Personal Protective Equipment or machines used for competitor testing. These purchases must be made using the procurement process in your country.

Corporate Cards may be used to purchase MRO only for emergencies/exceptions up to \$100 per transaction. Tracking is in place for MRO purchases on Corporate Cards to be reported out monthly.

Office Supplies – Employees in North America must only purchase office supplies via eProcure or Purchase Order out of the ERP system for business use **ON SITE** with either Integrator or preferred supplier Staples. All US and Canada employees must utilize our Corporate Program through Staples for office supplies needs. Employees working from home (flex/virtual) in North America, who have received (or are due to receive) a stipend payment must purchase any necessary peripheral equipment & supplies (including monitors, printers, keyboards, mice, headsets, and office supplies etc.) themselves using their stipend. If you are raising requests that fall into this stipend provision

category, then it is against company policy. All recommended items for stipend self-purchase can be found at the following link: [Home Office Equipment Recommendations.pdf \(service-now.com\)](#)

No PO, No Pay: all purchases of goods and services must be ordered using a PO 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 before ordering products or services. Goods or services must only be supplied when a valid PO number has been issued by the business or function to the supplier. SBD reserves the right to reject a supplier's invoice unless the invoice references an applicable PO number. Purchase Orders are to cover no more than a 12-month period.

Purchase Orders (PO) that are dated after or dated with the same date as Invoices are in violation of this policy and require documented approval of the Business Unit Controller or Delegate **prior to payment**. Please refer to the GSS 07 Payment Procedures Policy for additional details on exceptions.

Any purchase more than \$50K USD that is not against an approved contract requires you to competitively bid (minimum of three suppliers quotes) prior to the purchase commitment where practical. You may contact Global Supply Management via SBD_Strategic_Sourcing@sbdinc.com for guidance if needed. The quoting process should include, where possible, a certified diverse supplier for consideration. Exceptions to this process must be approved by the respective VP of Global Supply Management. The approval obtained must be retained for audit purposes.

PROCUREMENT CHANNELS

Below are the approved channels for purchasing (where applicable):

1. Purchase Order out of the ERP system or
2. eProcure (Ariba P2P) or
3. NPS
4. P Cards/Corporate cards

The following Indirect categories are "exceptions" to the No Po No Pay and follow the process listed

- Categories to be processed via check request or wire or ACH (or Urgent Payment Portal in Europe)
 - Charitable Donations & Scholarships
 - Taxes and Other Government Payments
 - Treasury Rating Agencies
 - Employee Insurance & Benefits
 - Employee reimbursable expenses
 - Emergency repair and maintenance
 - Fleet/car rental/lease services
 - Legal fees
 - Customer Rebates, Refunds, Warranties
 - Banking Transactions
 - Payments to Employees, Board Members, Other Individual

- Employee payroll
- Waste Management
- Duty, Brokerage and Customs
- Membership, subscription, registration fees
- Copyright, royalty fees
- Advertisement (one-time, classified ads < USD \$2.5k)
- Affiliate recharge
- Categories procured through other approved channels
 - Telecommunications (TEMS / Tangoe – US)
 - Real Estate, warehouse Rents & Leases (CoStar – US)
 - Utilities
 - 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)
 - Managed Service Providers (Govern X (ISG))

In addition, in regions where blanket POs cannot be issued due to system limitations, an exception to PO may be given. Currently, the only entities where this exception is applicable are South East Asia (Singapore, Malaysia, Philippines, Indonesia, Thailand), North East Asia (South Korea, Japan, Taiwan), India and China which are using NPS for indirect spend. For all the other regions the above stated exception categories to PO requirement will still apply.

SUPPLIER DIVERSITY:

Stanley Black and Decker is committed to integrating diversity and inclusion into all aspects of the business: employees, customers, and supply chain. Stanley Black and Decker provides opportunities for diverse suppliers to compete in all aspects of sourcing. All Stanley Black and Decker employees are required to make reasonable efforts in the utilization of diverse suppliers which include disability owned business enterprise (DOBE), LGBT owned business enterprise, minority owned business enterprise (MBE), service disabled veteran owned business enterprise (SDVBE), veteran owned business enterprise (VBE), women owned business enterprise (WBE) and small business enterprise in all sourcing events and purchasing activities at all levels. Any questions regarding the supplier diversity including any potential supplier you would like to add to your RFQ process can be directed at Supplier_Diversity@sbdinc.com

RISK MANAGEMENT - ADDING NEW SUPPLIERS:

Any new third party vendor requires approval from the Supplier Risk Management Team (SRM). The SRM team will notify the requestor of any risks with the supplier.

For one-time purchases with no ongoing relationship, financial exposure is considered minimal, no financial risk assessment will be conducted

In addition, no risk assessments will be performed on these categories:

- Charitable Donations & Scholarships

- Taxes and Other Government Payments
- Treasury Rating Agencies
- Employee Insurance & Benefits
- Customer Rebates, Refunds, Warranties
- Banking Transactions
- Payments to Employees, Board Members, Other Individuals

The risk assessment of new suppliers can be requested by completing this form: [Link](#)

Please contact the Supplier Risk Management (SRM) team for any questions at:
SupplierRisk@sbdinc.com

CAPITAL EXPENDITURE:

- SBD's standard payment terms for capital expenditures is 45 days. For payment terms less than 45 days the SBD employee must follow DOA Section P14. All approvals must be retained for the audit purposes.
- Capital equipment contract requirements follow the Indirect Master Agreement / Contract policy seen on page 3.
- For capital expenditures the payments are required to be made after the following milestones are met:
 - No more than 30% can be invoiced at the placement of a PO
 - 50% invoiced based upon milestones
 - No less than 20% at the final invoice

CONTACT

Questions regarding the procurement guidelines should be directed to:
Global Supply Management, email: SBD_Strategic_Sourcing@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 pages of the Company's [Code of Business Ethics](#) webpage or 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 Global Supply Management, or outside of Global Supply Management 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 is mandatory. Violations will be cause for disciplinary action, up to and including termination of employment.

DOCUMENTS/REFERENCES/APPENDICES

The latest Policy Documents can be found here: [Link](#)

The legal templates are stored here: [Link](#)

Insurance requirements by region can be found here: [Link](#)

The Delegation of Authority (DOA) policy is located here: [Link](#)

Corporate Policies

- Code of Business Ethics
- Anti-Bribery & Anti-Corruption Policy
- Gift & Entertainment Policy
- Delegation of Authority
- T&E Policy
- Intellectual property protection policy ([CRP-M-POL-001](#)) Finance & Accounting Policies
- Consignment Inventory
- Payment Card Industry Standards
- Global Vendor Invoice Requirements
- GSS Payment procedures policy
- Vendor Master Policy
- Pass Through Entity Policy Procurement Policies
- Credit Application Policy
- EHS Policy
- Office Machine Policy
- U.S. Truck Rental Policy
- Vendor Tooling Policy
- [Schedule A Insurance Requirement](#) Information Technology Policies
- [IT policy](#)

PERIODIC REVIEW OF THE PROCUREMENT POLICY

The procurement policy will be reviewed bi-annually by the COE team and will be revised as necessary.