

STANLEY BLACK & DECKER PROCUREMENT POLICY

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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, Employees, Temporary Employees and Managed Service Providers (MSP) 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), Statement of Work (SOW) 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, MRO, Utilities, Fleet, Facilities, T&E, etc.).

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.

Standalone Contract - A self-contained contract between parties that is independent and not contingent upon any other contracts or agreements. It includes all the terms, conditions, and obligations necessary for the execution and enforcement of the agreement. A master agreement sets the overarching rules and guidelines and serves as a framework or umbrella agreement that outlines the general terms and conditions (e.g. payment terms, confidentiality, and dispute resolution etc.) that will apply to multiple future transactions or subordinate agreements (such as work orders, task orders, or statements of work).

Statement of Work (SOW) - A legal agreement that refers to the various written descriptions of services to be performed and/or deliverables to be provided by the Vendor, usually under an overarching agreement and/or any Change Orders. In some cases, a SOW can be issued as a standalone document when it clearly defines all necessary terms and conditions for the work to be performed.

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, or capital expenditures in excess of \$250K must have a Contract approved by Legal. For purchase of Indirect Goods & Services without a valid contract, a Case Management (CMT) request ticket must be submitted ([Case Management Tool – Indirect Sourcing](#)) to initiate GSM Indirect Sourcing evaluation. Only standard SBD contract templates should be utilized unless prior authorization is received from a corporate legal representative. SBD employees should not disclose, share or pursue, accept or retain any nonpublic information without a written, signed confidential non-disclosure agreement (NDA).

Irrespective of these thresholds, a contract is required for transactions involving capital equipment, products and services that are vital to ensure business continuity (e.g., audit, inspections and/or testing; sole source; IT-related technology and/or software; energy; waste removal and/or recycling; temporary labor; etc.) and for transactions that have the potential to expose the company to substantial risks (e.g., contract manufacturing, component part manufacturing; consignment; construction; facilities; maintenance services (electrical, plumbing, etc.); inventory risks; data privacy risks; intellectual property rights; etc.). For additional clarity, please contact your legal team. Transactions below the applicable thresholds above or otherwise not covered by one of the exceptions above may be purchased under [SBD Standard Terms and Conditions of Purchase](#).

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

All contracts for which approvals are being sought must have a reasonable estimated annual spend in order to ensure the correct DOA approval routings. The estimated annual spend should be based on holistic assessment of the entire anticipated relationship across the SBD enterprise.

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, SOW or standalone contracts must not have "evergreen" renewal clauses where contracts auto-renew beyond 36 months in total. If the contract is written in a local language other than English, it must be translated into English to ensure that DOA approvers can understand.

Any exception to this procurement policy including Contracts with non-standard terms or conditions require approval from GSM Legal, GSM Controller & Site Controllers. All approvals need to be in writing and saved in the [Icertis](#) Contract Lifecycle Management Tool for audit purposes.

Contracts must be stored in the [Icertis](#) Contract Lifecycle Management Tool, and where possible, DOA and deviation approvals should be obtained through [Icertis](#). In the instances where [Icertis](#) does not support a contract template for a specific region or type of contract, it is best practice to utilize DocuSign for DOA approvals, once the contract is signed and executed, it must be uploaded into [Icertis](#) along with the DOA approvals.

GSM ENGAGEMENT

The Global supply management (GSM) team must be engaged as soon as an SBD employee identifies a business purchasing/sourcing need. This allows GSM to collaborate with the requestor to identify potential incumbents or new vendors that can meet the business purchasing requirements. Engaging with GSM ensures that all supplier onboarding and contracting activities are supported and managed in a timely manner.

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 (MRO) - supplies must be purchased or sourced via an ERP System with a Preferred Vendor where possible. [Preferred Vendors](#) are designated by GSM. Corporate Cards must not be used for Maintenance, Repair, and Operations 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 \$1,000 per transaction. The purchaser must obtain Plant Manager or Controller documented approval prior to making an MRO purchase over \$1,000 on a Corporate Card. Tracking is in place for MRO purchases on Corporate Cards to be reported out monthly and non-compliance is flagged for follow up by GSM and Controllershship.

Any expense classified as MRO within a Concur Expense Report made on a Corporate Card, will be flagged by T&E and the purchaser is required to provide business justification and documented approval of the exception in Concur for the MRO purchase.

If you are participating in a GSM MRO pilot program that tests a process that requires a credit card transaction, this would be considered an exception to this policy and DOA pre-approval is still required. This is only an exception during the pilot program timeline.

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 preferred MRO supplier/integrator or preferred supplier Staples and Office Depot. All US and Canada employees must utilize our Corporate Program through Staples or Office Depot 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 SBD form 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 valid and complete invoice references an applicable PO number. Purchase Orders are to cover no more than a 12-month period.

There can be an exception to the 12-month PO period only for IT Indirect PO's if the cost follows the

'Prepaid Expenses and Other Assets' Accounting Policy. IT indirect PO's need to be associated to Master Service Agreements (MSAs) that are from one and a half to three years in length with specific spend by year for specific purchases (generally maintenance, services, or vendor owned licenses) clearly noted in the MSAs. Please contact the Director of Corporate Accounting or the Director of IT Finance for clear guidance if needed.

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 Global Sourcing Controller or Delegate **prior to payment**. Please refer to the GSS 07 Payment Procedures Policy for additional details on exceptions.

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

Exception to No PO, No Pay

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
 - Direct payments to Government Agencies for 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 engaged by Legal Function
 - 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.

MANAGE GOVERNMENT FACING VENDORS:

During the supplier selection and onboarding process, it is necessary to assess and identify whether a supplier is a government facing vendor.

Vendors are generally considered a government facing vendor if they meet any of the following three criteria:

1. The vendor will be engaging with government officials, government agencies, or government entities on SBD's behalf
2. The vendor is owned or controlled by any government entity or any government official (please refer to the definitions of Government Entity and Government Official in the SBD Anti-Bribery & Anti-Corruption Policy)
3. The vendor is being engaged at the direction, suggestion, or recommendation of a government official

Examples of government facing vendors may include, but are not limited to: customs brokers, tendering agents, Environmental Health and Safety (EHS) / fire protection consultants, logistics providers, freight forwarders, marketing consultants, staffing and travel agency, tax consultants, lobby or political affairs consultants, and services related to inspections, permits, and/or licenses that would involve touchpoints with government officials. If any questions as to whether a supplier is a government facing vendor, please contact the Legal or Ethics and Compliance teams for clarity.

All government facing vendor must have a valid contract with SBD, and include the following:

- a. A clear scope of service
- b. Payment term and method
- c. Contract clauses to comply with (1) The Foreign Corrupt Practices Act and all local applicable bribery laws (2) Office of Foreign Assets Control, and (3) SBD Supplier Code of Conduct

Payments must only be made for services included in the scope of the contract and with proof of delivery/backup. Wherever possible, prior to making any purchasing commitments, competitive bidding should be conducted for services provided by a government facing vendor. All the associated bidding documents should be stored properly for future audits. Payments to government facing vendors should be directly made via bank transfer or other traceable methods by SBD. With the exception of Customs Brokers, advance payments are prohibited.

SUPPLIER OPTIMIZATION:

Stanley Black & Decker believes that having a diversified supplier base helps create a stronger supply

chain and a more resilient organization, and we continue to expand the pool of eligible vendors we work with as part of our supply chain management. All Stanley Black & Decker employees are required to make reasonable efforts in the utilization of a wide spectrum of suppliers that contribute to strengthening our ability to respond to our customer needs. If you or any one on your team has questions about onboarding a new qualified supplier, please contact Supplier_Diversity@sbdinc.com

RISK MANAGEMENT - ADDING NEW SUPPLIERS:

Any new third-party vendor requires approval from the Supplier Risk Management Team (SRM). This risk assessment process includes Office of Foreign Assets Control and Foreign Corrupt Practices Act screenings conducted by the Global Trade Compliance Team. The SRM team will notify the requestor of any risks with the supplier.

For Indirect one-time purchases under \$20K or Direct one-time purchases under \$250K 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
- Direct payments to Government Agencies for Taxes and Other Government Payments
- Treasury Rating Agencies
- Employee Insurance & Benefits
- Customer Rebates, Refunds, Warranties
- Banking Transactions
- Payments to Employees, Board Members, Other Individuals
- Legal fees, Legal Services onboarded into Legal Tracker "Serengeti"

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 minimal 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

- An approved FAR does not guarantee automatic approval for a capital purchase. It is important to note that Procurement Policy and process must still be adhered to, even if an approved FAR is in place.

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 **Integrity Helpline** at integrity.sbdinc.com. Local country-specific telephone numbers that may be used for reporting by phone can also be found at integrity.sbdinc.com. Reports may be made anonymously, where allowed by law.

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](#)

Supplier Handbook can be found here: [Link](#)

Supplier Code of Conduct can be found here: [Link](#)

Preferred Suppliers can be found here under "Guidance": [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

PERIODIC REVIEW OF THE PROCUREMENT POLICY

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