

## SCHEDULE B

### STANDARDS FOR SUPPLIERS

The Stanley Works started doing business more than 160 years ago, and quickly established a reputation for integrity in business dealings. As we continue to expand our business, it is important to preserve our core values and protect our reputation in selecting where and with whom we do business. The standards set forth the basic minimum standards that all suppliers must meet in order to conduct business with The Stanley Works and its subsidiaries ("Stanley"). We recognize that there are different legal and cultural environments in which our suppliers operate throughout the world. In the event compliance with any of our standards would result in a violation of applicable law, we expect our suppliers to follow those standards that do not conflict with applicable law and to conduct their business in a manner consistent with the spirit of the standards that do conflict to the extent they can do so without violating applicable law. Stanley further requires its suppliers to permit Stanley or its representatives to inspect and audit their facilities, to complete questionnaires or surveys, and otherwise to cooperate with Stanley's efforts to ensure compliance with these standards. A supplier's failure to comply with these standards or to permit inspections or provide requested information shall give Stanley cause to terminate its relationship with that supplier.

#### 1. COMPLIANCE WITH LAWS.

**a. General.** All Stanley suppliers are required to comply with the legal requirements and standards of their industry under the national laws of the countries in which they are doing business, including the labor and employment laws of those countries, and applicable U.S. laws. Should the legal requirements and standards of the industry conflict, suppliers must, at minimum, be in compliance with the legal requirements of the country in which the products are manufactured. Suppliers must comply with all requirements of all applicable governmental agencies. Necessary invoices and documentation must be provided in compliance with the applicable law.

**b. Marking and Shipping.** All products shall be accurately marked or labeled with the country of origin in compliance with applicable laws and including those of the country of manufacture. Suppliers of finished products that are marked "Made in USA" or similar, or by virtue of their design or packaging imply that they are "Made in USA" shall comply in all respects with the US Federal Trade Commission Guidelines regarding product marking and shall be made of all or virtually all domestic (US) content. To facilitate Stanley's compliance with the US Federal Trade Commission Guidelines, suppliers of component parts or commodities shall provide a declaration of origin in a form and detail satisfactory to Stanley. All shipments are to be accompanied by the requisite documentation issued by the proper governmental authorities, including but not limited to Form A's, import licenses, quota allocations and visas, and shall comply with orderly marketing agreements, voluntary restraint agreements and other such agreements in accordance with applicable law.

**c. Product Facility and Process Security.** Suppliers also shall take any steps necessary to maintain product facility and process security and compliance in accordance with the directives of Stanley or any applicable governmental agency, including, but not limited to security procedures and processes recommended by the U.S. Customs Service from time to time. In this connection, The U. S. Customs Service developed the Customs – Trade Partnership Against Terrorism (C-TPAT) to protect the security of cargo entering the United States without interfering with the flow of trade. Through C-TPAT, Customs asks businesses to ensure the integrity of their security practices, and to communicate certain security guidelines to their employees and vendors throughout the supply chain. All suppliers must review and follow the C-TPAT security recommendations when shipping to Stanley or its receiving agents in the United States. The security recommendations, and additional information on C-TPAT, may be found on [http://www.cbp.gov/xp/cgov/import/commercial\\_enforcement/ctpat/](http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/).

#### 2. EMPLOYMENT PRACTICES.

**a. Prison or Forced Labor.** Suppliers are not permitted to use prison or forced labor. Suppliers shall maintain employment on a voluntary basis.

**b. Disciplinary Practices.** Suppliers shall treat their employees with respect and dignity. Suppliers must provide a work environment free of physical punishment in any form.

**c. Child Labor.** Suppliers are not permitted to use child labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows), or at an age younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

**d. Working Hours.** Suppliers shall maintain reasonable employee work hours in compliance with local standards and applicable national laws of the countries in which the suppliers are doing business. Employees shall not work more hours in one week than allowable under applicable law, and shall be properly compensated for overtime work. Employees should be permitted reasonable days off (which Stanley defines as at least one day off for every seven-day period) and leave privileges.

**e. Compensation.** Suppliers shall fairly compensate their employees by providing wages and benefits which are in compliance with the national laws of the countries in which the suppliers are doing business or which are consistent with the prevailing local standards in the countries in which the suppliers are doing business, if the prevailing local standards are higher. Suppliers shall fully comply with the wage and hour provisions of the U.S. Fair Labor Standards Act, if applicable, and shall use only subcontractors who comply with this law, if applicable.

**f. Non-Discrimination/Human Rights.** Stanley believes that all terms and conditions of employment should be based upon an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Suppliers should not discriminate against their employees in hiring practices or any other term or condition of work, on the basis of race, color, national origin, gender, religion, disability or other similar factors.

**g. Workplace Environment.** Suppliers shall provide their employees with safe and healthy working conditions, including adequate medical facilities, fire exits and safety equipment, well lit and comfortable workstations, clean restrooms and adequate living quarters where necessary. Facilities should be built and maintained in accordance with the standards set by applicable codes and ordinances and workers should be adequately trained to perform their jobs safely.

**3. ENVIRONMENTAL PRACTICES.** Suppliers should provide products to Stanley and conduct their business operations in a way that protects and sustains the environment in accordance with applicable laws and regulations. Suppliers are encouraged to reduce excess packaging, use recycled and non-toxic materials where feasible, to purchase wood and wood products originating from Certified Well-Managed Forests™ where feasible, and to promote the efficient and responsible use of wood and wood products.

**4. GIFTS.** Stanley policy prohibits Stanley employees from accepting any gifts, gratuities or other benefits that go beyond the common courtesies usually associated with business practices from any supplier or potential supplier to Stanley or that exceed token or nominal value. Any payment of cash or cash equivalents (gift certificates, etc.) by a supplier to any Stanley employee is strictly prohibited. Stanley employees are required to report any gifts offered or given that are not in compliance with this policy. Similarly, if a Stanley employee solicits a payment or inappropriate gift from any supplier or potential supplier, the supplier should immediately report the violation to the employee's immediate supervisor. A supplier who receives repeated solicitations from any individual, or solicitations from more than one individual, should report the matter to the Manager, Internal Audit for The Stanley Works (1000 Stanley Drive, New Britain, Connecticut 06053).

**5. CONFLICTS OF INTEREST.** All Stanley employees are expected to avoid any investment, interest or association which interferes, might interfere, or might be thought to interfere with the employee's independent exercise of judgment in Stanley's best interest. A conflict of interest may exist where the employee, any member of his or her family or any close personal relation (i) has a significant direct or indirect financial interest in, or obligation to, an actual or potential competitor, supplier or customer; (ii) is a principal, officer or representative of a supplier or customer with whom the employee conducts business on Stanley's behalf; or (iii) accepts gifts of more than token or nominal value from an actual or potential competitor, supplier or customer. Stanley employees are required to disclose any possible conflicts of interest to the general managers of the applicable company or division, or to the applicable corporate department head. Similarly, suppliers are required to disclose any possible conflict of interest to the Stanley employee(s) with whom they are negotiating or, if the possible conflict involves such persons, to the appropriate general manager or department head.

**6. CONFIDENTIALITY.** All suppliers must keep confidential all trade secrets, designs, data, know-how or other information which the supplier knows or should know is considered confidential by Stanley, including, but not limited to, designs, sketches or prototypes for products that have not yet been introduced, engineering drawings,

the financial terms of any agreement between the supplier and Stanley, information concerning Stanley's marketing plans, and any other information that is not readily available to the public.

**7. AUTHORITY TO ENTER INTO AGREEMENTS.** Stanley has adopted a Delegation of Authority that sets forth the internal approvals required before any officer or employee of Stanley may enter into any agreement, written or oral, on Stanley's behalf. Suppliers must ensure that these approvals are obtained; no agreement to supply goods or services to Stanley will be binding upon Stanley unless the required approvals have been obtained, as evidenced by appropriate signatures. To enable suppliers to confirm that the required approvals have been obtained, Stanley includes a sign-off sheet identifying the approvals required in different situations as an attachment to its standard form Master Purchase Agreement. A copy of this sign-off sheet can be found at [WEB SITE].