

StanleyBlack&Decker



SUPPLIER HANDBOOK

SUPPLIER HANDBOOK

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introduction

The Global Supply Management (GSM) function at Stanley Black & Decker is a strategic, focused Center of Excellence that creates continuously improving business value by leveraging quality, cost, agility, and delivery with the world's best suppliers. The GSM team's mission is to partner with the company's business units to enable increased, accelerated profitable growth.

To us, profitable growth is the company's collective ability to incrementally capture more sales through innovation, quality, and on-time delivery at the lowest total cost. We strongly believe that, for our valued partners, profitable growth on our part translates directly into profitable growth for our suppliers. We share this document to set expectations, responsibility, and accountability with our strongest Supply Chain Partners. Please use this as a guide for internal/external collaboration.

It is important to understand that profitable growth cannot come with any cost. Stanley Black & Decker and the GSM Team are committed to profitable growth with the highest integrity, respect, and sustainability. Our team firmly believes that world class includes stretching ourselves and our supply base in a safe, environmentally sound manner. In accordance with the Stanley Fulfillment Systems (SFS) principles which we have communicated previously, we remain committed to abolishing waste, reducing complexity and accelerating the speed with which we fulfill our customers' needs.

Thank you for your support and we are confident our partnership will promote the profitable growth both companies expect and deserve.

Michael Prado

Vice President
Global Supply Management

Corporate Mission

We are expanding the world's best and most valuable tools franchises, while building unique and powerful growth platforms.

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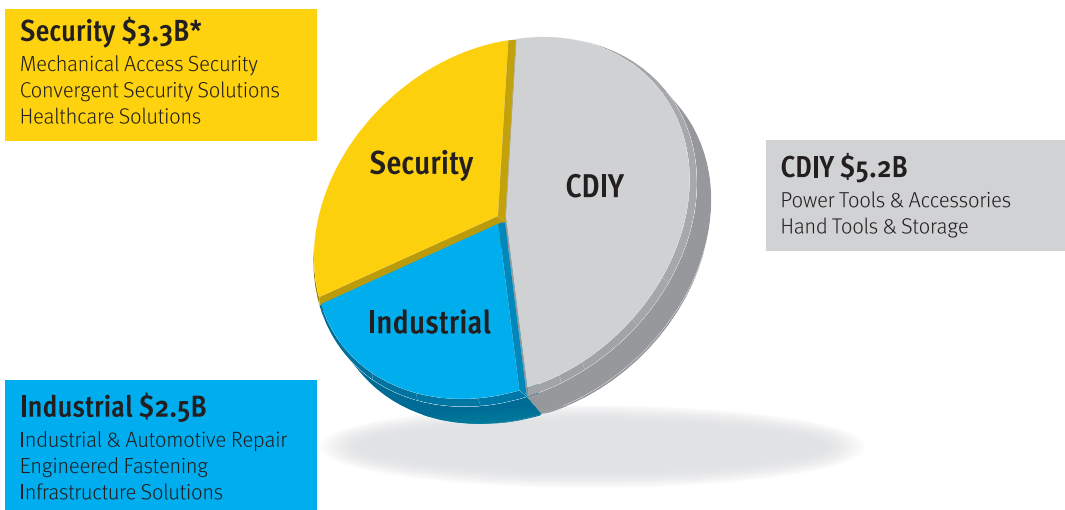
Global Sourcing Management (GSM) Mission

A Supply Management Center of Excellence that leverages standard processes to manage total cost with the best suppliers.



Business Unit Structure

Stanley Black & Decker has an extensive breadth of products and services which fall into Construction Do-It-Yourself, Security, and Industrial and Automotive markets. The chart below outlines the revenues per business unit.

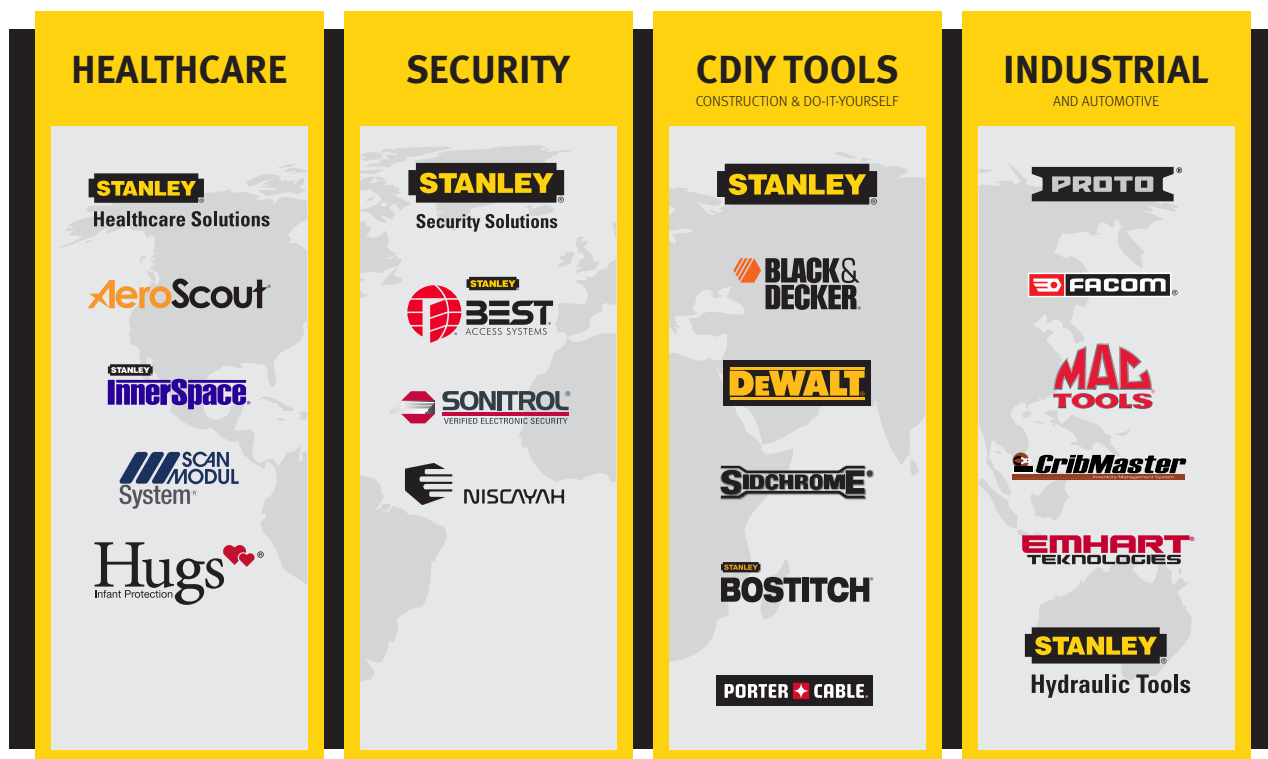


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Here are some of the brands representing our business:

STANLEY BLACK & DECKER



Business Conduct

All Stanley Black & Decker 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 shall treat their employees with respect and dignity, and must provide a work environment free of physical punishment in any form. 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. 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.

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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.

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.

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.

Stanley Black & Decker policy prohibits Stanley Black & Decker employees from accepting any gifts, gratuities or other benefits that go beyond the common courtesies usually associated with business practices.

Suppliers are required to disclose any possible conflict of interest to Stanley Black & Decker employee(s) with whom they are negotiating or, if the possible conflict involves such persons, to the appropriate general manager or department head.

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 Black & Decker.

Stanley Fulfillment Systems-SFS

SFS is a business system that we use to continuously evaluate and improve every aspect of our operations from our customers' perspective. The five principles of SFS- Communicate, Act, Simplify, Standardize, and Hate Waste- are used to make us faster, smarter and more agile every day, fueling profitable growth. It synchronizes the front end of the business with an ever- improving supply chain. We engage suppliers in SFS by looking at opportunities to reduce complexity, lead times, and minimum order quantities for example.

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commercial guidelines

Supplier Relationship Management

Stanley Black & Decker relationship owners (Global Commodity Manager, Regional Commodity Manager, Buyer/ Planner) work closely with vendors to implement contracts establishing the terms and conditions of our business relationship including payment terms, non-disclosure clauses, quality and delivery obligations, and stocking agreements.

Expectations from suppliers

Stanley Black & Decker seeks suppliers who possess our same deep desire to delight the customer. To facilitate our shared goal, a clear understanding of our needs and expectations must link our relationship.

		Vulnerable	Competitive	World Class
COST	YoY	0-3%	4-7%	>7%
	Terms	N60	N90	N120
DELIVERY	Schedule Att.	<95%	96-98%	99+%
	Inv. Prog.	None	Daily Deliveries or Consignment	
	Lead Times/	>3 Wks	>1 Wk <3 Wks	=< 1 Wk

Quality	<3 Sigma	3-5 Sigma	0 DPMO
Innovation	No Innovation	Occasional	Consistent & Exclusivity
Compliance	Not Compliant w CoC & S/A		Compliant w CoC & S/A

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Supplier Selection Process

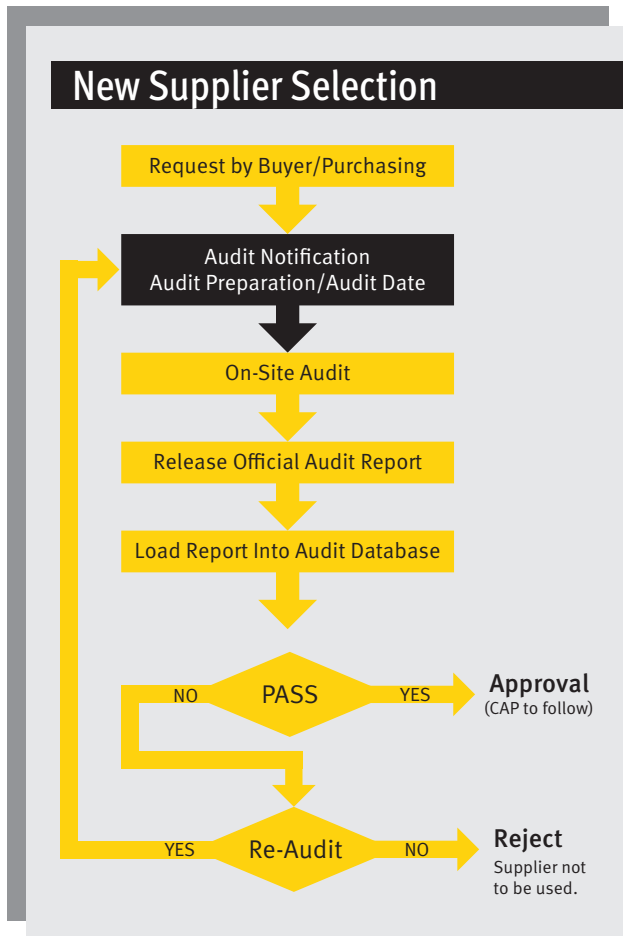
Stanley Black & Decker follows an 8 step supplier selection process as outlined below and a few of the critical aspects are detailed.



A Request for Quote (RFQ) or Request for Information (RFI) is usually the first contact with a potential supplier. The results of this initial RFQ/ RFI determines if contact continues. We conduct RFQs, RFIs and electronic auctions for new or existing components, products or services via an online portal. All suppliers should be registered in this portal to be invited to participate in these events. Follow up after the RFQ or RFI activity may include Supplier Quality, Process, and Social Accountability and Sustainability Audits, depending on the component or product. In some instances, pre-qualification audits may be conducted prior to the RFQ or RFI to determine business fit.

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Quality Audits

The Stanley Black & Decker Global Supplier Quality Audit (SQA) guideline applies to the New Supplier Selection Process to make sure we award business to the right supplier. Any new factory planning to produce Stanley Black & Decker components or products is required to be audited before the start of supply.

Technical Audits

Suppliers of highly engineered specialty/ technical components or accessories need to be audited by our Materials group prior to business being awarded. The methodology is similar to the SQA described above however, additional focus is placed on the technical and processing capabilities of the supplier. This technical audit (TA) is conducted on approximately 5% of the supply base.

Process Audits

Based on supplier performance, a part specific process audit may be conducted to confirm that operating procedures as well as quality, safety and regulatory specifications are aligned with Stanley Black & Decker requirements. The supplier will be notified in advance of the audit date, will be provided an outline of the audit requirements.

Social Accountability and Sustainability

At Stanley Black & Decker, our position as a global citizen influences key areas of our business, affecting our position in the global village. Sustainability is a business process integral to our continued business success and growth, helping us to drive out waste and minimize our effect on the planet and its natural resources.

We want to transmit our Sustainability knowledge and business principles to our Suppliers by developing Sustainable Product Roads. Our Supplier Sustainability Audit Process and training program go hand in hand with our Environmental Health and Safety (EHS) and SFS principles through which Suppliers are able to assess their position on the Sustainability road and gain the tools necessary in eliminating waste and continuously improving their business processes

It is essential that our whole Supply Chain embraces Sustainability and integrates its principles into business practices, promoting sound business development and reducing our impact on the resources around us.

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Supplier development

The Stanley Black & Decker Supplier LEAN program works with select key suppliers to improve operational efficiency while reducing the cost of quality and waste which may be commonly hidden in both production and transaction processes. Projects may fall within the scope of Value Stream Mapping (VSM), Sell One, Replenish One (S1R1), and Design to Value (DtV), to improve the entire vendor supply chain.

Additional periodic Quality, Technical (where applicable), Social Accountability and Sustainability (SAS) and Process audits may be performed after initial approval, based on vendor performance, or consideration for additional business.

Supplier Diversity

The Stanley Black & Decker Corporate Supplier Diversity Program promotes collaboration, fosters strategic partnerships and introduces competitive sourcing opportunities that will enhance our mutual growth. The program is designed to ensure Small Business, Minority, Women, Veteran and Disabled Veteran enterprises are provided the opportunity to participate in contract opportunities for products and service required by Stanley Black & Decker and its affiliates. The primary objective is to increase participation by these diverse enterprises while continuing to purchase on the basis of quality, service, and total cost of ownership.

Restricted Substances

Suppliers must fully understand current legislation on global material restriction such as the Restriction on Hazardous Substances (RoHS), an European Union directive, or United States Proposition 65 legislation. Non conforming components must not be used in our products. Any changes to the material content of an approved part, sourced product, accessory or packaging must be reported to ensure that the requirements of the Stanley Black & Decker Controlled Substances Standards and/ or Electromagnetic Compatibility (EMC) compliance specifications are fully met. All documentation supporting these policies should be kept with the Supplier Quality Book, and must be kept for a minimum of 10 years by the supplier, even if we cease to have a relationship.

Conflict materials

Stanley Black & Decker will not contribute to the financing of conflict we commit to comply with relevant United Nations sanctions and resolutions or, where applicable, domestic laws implementing such resolutions. Stanley Black & Decker will conduct due diligence through its Supply Chain to ensure the Supply Chain is compliant with the Conflict Minerals requirements of Section 1502 of the Dodd Frank Act. In accordance with the specific position of the company in the supply chain, Stanley Black & Decker commits to engage with suppliers, governmental authorities, international organizations, civil society and affected third parties to immediately track and resolve with firm intention to eliminate conflict materials entering the supply chain.

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New product development

Stanley Black & Decker has a rich legacy of innovation and has been ranked 8th in the Consumer Products Industry by the Patent Board. 35% of yearly sales are generated by new product launches developed using multi-step milestone/ tollgate processes which include Early Supplier Involvement (ESI). The key metrics which need to be addressed when launching these programs are outlined below.



During and after execution of a new product program, the Sourcing engineers discuss supplier performance- based on cost, quality, delivery, innovation and program management- with relationship owners to update the supplier strategy.

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Transportation

Suppliers to Stanley Black & Decker should work closely with their relationship owner(s) to ensure that approved and agreed upon shipping modes, freight forwarders, carriers, and Incoterms (International Commercial terms) are used for sample and production shipments to get the most cost competitive and efficient solutions. Free on Board (FOB), Free Carriage (FCA), Carriage and Insurance Paid (CIP) with exception to carriage, and Delivered Duty Paid (DDP) are common Incoterms used by Stanley Black & Decker for International shipments. For suppliers shipping through Global Supply Management Asia, FOB or FCA should be used. For direct suppliers, CIP with exception to Carriage or FOB are used. Air shipments are commonly DDP.

Suppliers should take necessary steps to create and maintain secure manufacturing processes and facilities in accordance with the directives of Stanley Black & Decker or any applicable governmental agency, including, but not limited to security procedures and processes recommended by the United States Customs Service. In this connection, The Customs and Border Protection Agency (CBP) 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, CBP asks businesses to ensure the integrity of their supply chain security practices, and to communicate certain security guidelines to their employees and vendors throughout the supply chain. All suppliers must comply with CBP's and Stanley Black & Decker, Inc's C-TPAT Program when shipping to Stanley Black & Decker (world-wide) facilities or its receiving agents in the United States.

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Quality Philosophy

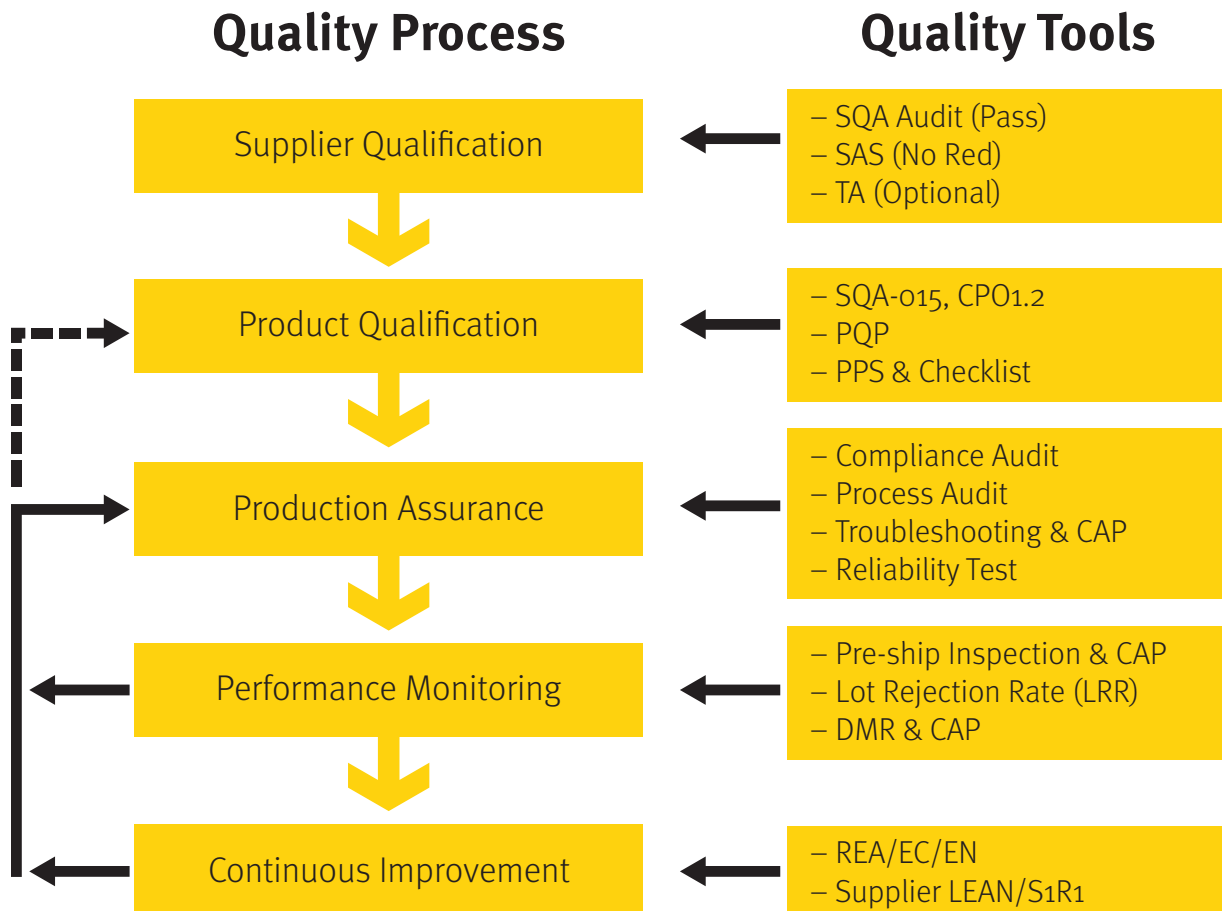
Quality and Safety must be built into our products, processes and work environment.

We strive to understand customer requirements and are committed to providing innovative products and world class service that meet or exceed customer expectations.

The Stanley Fulfillment System (SFS) is our way of business, innovating how all work gets done and how we deliver ever increasing value to our customer.

Quality Road Map

The Quality Road Map below presents an overview of our expectations for quality and the various tools we use to build in quality to our products and services. Please follow up with your relationship manager for questions or concerns.



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Quality Requirements

New Product Development Approval Documents

Level	Required Documents	Consumer Do-It-Yourself-CDIY				Industrial & Automotive Repair-IAR				Stanley Security Solutions-SSS		
		Power Tool	Hand Tool/Accessories	Component	Power Tool	Hand Tool	Component	Power Tool	Hand Tool	Component	Finished Goods	Components
Basic	Specification	X (*)	X (**)		X (***)							
Basic	Drawing	Optional (d.)	X	X	X (***)	X (***)						
Basic	BOM (Bill Of Material)	X	X	X	X	X				X	X	
Basic	Quality Control Plan	X	X	X	X	X				X	X	
Basic	Inspection Checklist (b.)	X	X	X	X	X				X	X	
Basic	1st Piece Inspection Report (for final approval)	X	X	X	X	X				X	X	
Basic	Packaging Plan	X	X	X	X	X				X	X	
Basic	Performance Test Report	X	X	X	X	X				X	X	
Basic	Raw Material Certificate (e.)	X	X	X	X	X				X	X	
Basic	REACH (e.)	X	X	X	X	X				X	X	
Basic	ROHS (Restriction of Hazardous Substances) (e.)	X	X	X	X	X				X	X	
Basic	WEEE (Waste of Electrical and Electronic Equipments)	X	X	X	X	X				X	X	
Basic	MSD (Machinery Safety Directive)	X	X	X	X	X				X	X	
Basic	LVD (Low Voltage Directive)	X	X	X	X	X				X	X	
Basic	EMC (Electro-Magnetic Compatibility)	X	X	X	X	X				X	X	
Basic	Combustible-Polymeric weights	X	Selected Items (f)		X	Selected Items (f)				X	X	
Advanced	FMEA	X	Optional	X	Optional	Optional				Optional	Optional	
Advanced	GR&R Analysis	X	Optional	X	Optional	Optional				Optional	Optional	
Advanced	CPK Study	X	Optional	X	Optional	Optional				Optional	Optional	
Advanced	Process Flow Diagram	X	Optional	X	Optional	Optional				Optional	Optional	
	Reference information	Quality Book		SQA-015 (c.)								

Definition: "X" means required.
 (*) Sourced Product Specification
 (**) PPS (Product Performance Specification)
 (***) Specification Contract
 (a.) CPO1.2: Supplier Quality Manual for SSS
 (b.) The approved template
 (c.) SQA-015: This is a guideline for Power Tool components approval
 (d.): Professional Power Tools (PPT) require drawings. Consumer Power Tools (CPT) may not all have drawings for suppliers.
 (e.): Refer to ES100118 for Restricted Substance Requirements
 (f.): Please verify with the Project Manager

Please contact your relationship manager if there are any issues or questions

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Contract for Quality

Quality and Safety are essential to the success of our business and all suppliers with whom we work must have quality control systems in place that minimize variation in the manufacturing process and effectively prevent shipment of non-compliant materials. Our ultimate goal is to have zero defects from our suppliers.

If the supplier causes a quality issue either in our facilities or in the market place then they will be responsible for the cost that this issue has caused and the cost of correcting the issue. This could include, but is not limited to rework, scrap, recall, shipping (including air freight), warranty, Government or Compliance authority fines, and re-auditing costs.

Component Qualification

All Strategic Business units of Stanley Black & Decker require different levels of a production part approval process (PPAP), and will be detailed by your relationship manager. These requirements ensure that production parts are in full compliance with Stanley Black & Decker specifications, and supplier process capabilities and controls provide consistent conformance to specifications over future production runs.

The supplier shall adhere to the requirements outlined in this procedure when:

- Developing new components for new Stanley Black & Decker products
- Engineering changes occur before a new product launch
- Engineering changes are implemented post product launch.

The supplier is responsible for retaining and maintaining all records relating to part qualification and quality control in one place, referred to as the “Supplier Quality Book,” for review by our Supplier Quality Engineer or Commodity Manager during periodic audits. These records may be retained and maintained in paper or electronic form, and depending on the business unit may contain the following elements: Final Approval, Process map, current print/specification, GR&R, normality, stability, and capability for the Qc features, Quality Control Plan, Request for Engineering Action (if applicable).

Finished Product Qualification

Finished Products qualification follows a milestone process through which the product is tested and approved in accordance with requirements by applicable Compliance Agencies (example UL, CSA) and Stanley Black & Decker specifications. Product labels and manuals will be provided by Stanley Black & Decker, and unless explicitly requested to do so, the supplier must reproduce these labels and manuals exactly as specified. During the Product Development Process, the supplier will work with Stanley Black & Decker to develop a detailed Quality Plan outlining incoming component inspection, in process inspection, pre-shipment inspection and conformance test requirements. This Quality Plan should be followed throughout the lifecycle of the product. It is the responsibility of the finished product manufacturer that they stay up to date with Compliance Agency standards and ensure that the product sold complies in full with the regions to which they are selling.

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Continued Production

It is expected that production of components or finished products will continue in the same manner as they have been initially approved, within the terms and conditions that have been laid out within the Supplier Quality Book.

Corrective Action

Once the supplier is notified about quality issues, steps must be taken to immediately contain the problem either through inspection or other means and evaluate what the process or material failure is to determine the root cause. Once the issue is corrected, Stanley Black & Decker should be notified in writing that the corrective action is complete and the process has been updated (including Process Flow Diagram, FMEA, QPCP, etc.). Depending on the requirements of the receiving Stanley Black & Decker plant, this may include resubmitting all or part of the original approval data package. The supplier should monitor their processes internally to continuously improve the product and reduce variation.

Existing Parts Process- REA

Once a part has been qualified, any deviations from the released engineering and process documentation requires submission of a Request for Engineering Action (REA) or Engineering Change Notice (ECN) in advance of proposed changes. The REA/ ECN process drives the approval of product and process changes prior to implementation through communication and evaluation, to prevent field failures from occurring. Written approval must be received from Stanley Black & Decker after completion of the REA/ ECN process, verbal approval is not acceptable.

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Major Categories	Change Description	Requires REA/ECN
New Product	New Parts for Stanley Black & Decker	No
Print Change	Specification Changes for Existing Parts	Yes
Supplier	Change Supplier	Yes
Supplier	Change Sub-Contract Supplier (i.e. heat-treat, machining, etc.)	Yes
Process	Change Machining Finish	Yes
Process	Change Heat-Treat Process Parameters	Yes
Process	Change Plastic Part Process Parameters	Yes
Process	Change Packing and Shipping Methods	Yes
Process	Change Paint Process (i.e. time, temperature, equipment)	Yes
Process	Change Amount of "Regrind" Plastic Allowed in a Part	Yes
Equipment	*Change to Different Machine	Yes
Equipment	*Change to Different Fixture	Yes
Equipment	*Rebuild Machine or Equipment	Yes
Equipment	Perform Routine Die Maintenance or Equipment Repair	No
Equipment	Build Parts on New Die or Mold or Rebuild Die or Mold	Yes
Equipment	Change In-Process Chemical Types (i.e. Cutting Fluids, Rust Preventative, Cleaners, Mold Releases, etc.)	Yes
Equipment	Relocate Equipment to New Facility	Yes
Inspection	Change to Quality Plan or Audit Plan	Yes
Other	Any Change Not being processed as an Engineering Change, BUT WHICH MAY AFFECT: Fit Form, Function, Cosmetics, Visible to Customer	Yes

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Teardowns - Returned Product Analysis

Stanley Black & Decker is continuously driving initiatives to reduce warranty related costs as well as improve customer satisfaction. A critical aspect of these initiatives is to perform product teardowns to identify and resolve factors contributing to warranty returns. We encourage our suppliers to participate in these events to go back and review any manufacturing related issues. While our main objective is improving the quality performance of our products, the contributing factors to the returns are reviewed and agreed upon in order to define if any warranty reimbursement cost is required from our suppliers.

In instances where the supplier has been found to be negligent in any of the Quality systems defined above, then the supplier may be liable for those costs that Stanley Black & Decker would otherwise not have incurred as detailed with the Supplier contract.

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glossary

BOM - Bill of Material

CAP - Corrective Action Plan

CAPA - Compliance And Process Audit

CIF - Cost Insurance & Freight

CIP - Carriage and Insurance Paid

CBP - Customs & Border Protection Agency

CoC - Certificate of Conformance

CSA - Canadian Standards Association

CMA - Contract Manufacturing Agreement

C-TPAT - Customs-Trade Partnership Against Terrorism

D&B - Dunst & Bradstreet

DMR - Deviant Material Report

DOA - Delegation of Authority

DPMO - Defects per million opportunities

EC - Engineering Change

ECN - Engineering Change Notification

EN - Engineering Notification

FMEA - Failure Modes Effects and Analysis

FOB - Freight on Board

Incoterms - International Commercial Terms

Inv Prog - Inventory progress

MPA - Master Purchasing Agreement

NPD - New Product Development

PIAP - Price Increase Approval Process

PPAP - Product Part approval Process

PPS - Product Performance Specification

PPT - Purchased Product Tools

QPC - Quality Control Program

REA - Request for Engineering Action

REACH - Registration, Evaluation, Authorization and
Restriction of Chemical Substances

RFI - Request for Information

RFQ - Request for Quote

RoHS - Restriction on Hazardous Substances

SAS - Social Accountability and Sustainability

Schedule Att - Schedule Attainment

SFS - Stanley Fulfillment Systems

SQA - Supplier Quality Audit

TA - Technical Audit

UL - Underwriter's Laboratory

YoY - Year over Year

VMI - Vendor Managed Inventory