

MATERIAL TOPIC

# Ethics & Integrity

To safeguard our stakeholders and maintain trust in our business we uphold accountability and transparency in all operations while reducing risk throughout our value chain.



Championing initiatives within our own operations and engaging in global multistakeholder partnerships to eliminate ethical violations across our value chain.

Value Chain



RISK	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> <li>Geopolitical tensions and drastic change in trade regulations</li> </ul>	<ul style="list-style-type: none"> <li>Diversify operations and supply chains and promote sustainable practices across the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing efforts to source and produce goods closer to markets</li> <li>Reducing dependency on single suppliers within essential categories</li> </ul>
<ul style="list-style-type: none"> <li>Non-compliance with international and local laws</li> </ul>	<ul style="list-style-type: none"> <li>Foster a culture of ethical behavior and good governance across the value chain to enhance accountability and transparency</li> </ul>	<ul style="list-style-type: none"> <li>Robust policies, training and compliance programs on ethics and anti-corruption</li> <li>Internal audit investigations and compliance hotline</li> </ul>
<ul style="list-style-type: none"> <li>Breaches of data privacy and intellectual property, data loss and cyberthreats</li> </ul>	<ul style="list-style-type: none"> <li>Protect business and customer information data, improve business systems, enhance operational integrity and maintain stakeholder trust</li> </ul>	<ul style="list-style-type: none"> <li>Data privacy and cybersecurity policies</li> <li>Robust training to all colleagues</li> <li>Global cybersecurity initiatives</li> <li>IP protection and enforcement process</li> </ul>

GOALS

- Zero cases of non-compliance with international and local laws on corruption and anti-trust
- Zero cybersecurity breaches or incidents
- Maintain business continuity and sustainable growth
- Ensure full compliance with data privacy regulations: PIPL for mainland China, GDPR, California Consumer Privacy Act and others

PROGRESS

- Zero cases of leaks, theft, or loss of customer and personal data
- All associates are required to complete the TTI Code of Ethics & Business Conduct (CoC), and all other relevant policy training as part of onboarding
- All associates are required to complete our training on intellectual property and cybersecurity
- Increased diversification and localization of manufacturing, warehousing and the supply chain across the globe

How We Are Managing It

Sound governance requires a commitment to ethical principles, as outlined in our [TTI Code of Ethics and Business Conduct \(CoC\)](#). The CoC is available and communicated to all employees as a guide for conducting business with integrity. The CoC also aligns with all legal requirements while stipulating how to manage conflicts of interest and overviews the protection of human rights.

We have in place several other policies that guide our operations. These policies are included in our employee handbook and are shared with our employees through LearnTTI, our e-Learning platform created to engage and teach employees company-related information. Relationships between employees, customers, suppliers, shareholders, and the communities we serve are also covered in our Code of Conduct. Our employees engage with and commit to the Code through

LearnTTI and other resources, such as face-to-face classes. These policies are communicated to all our employees at all our subsidiaries in 22 languages.

Our governance strategy is predicated on codes and policies that reinforce openness and accountability within our operations and across our supply chain.

The principles outlined in many of our policies also apply to our business partners, as mentioned in our [BPCoC](#). More details can be found in the Supply Chain Accountability section on p.108 of this Report.

A full list of our policies and standards can be found below and are also accessible on our [corporate website](#). All policies are regularly reviewed to ensure compliance with laws and regulations.

TTI's Key Policies and Codes

● ENVIRONMENT ● SOCIAL AND COMMUNITY ● GOVERNANCE

●			<a href="#">Code of Ethics and Business Conduct</a> : states the actions and ethical behavior expected of our employees
●			<a href="#">Complaint Resolution Policy and Procedure</a> : encourages any person to report any action, situation or circumstance that appears to be in violation of the Code of Conduct or any laws, regulations or our other internal policies (including internal policies and codes of conduct of TTI's subsidiary companies)
●			<a href="#">Business Partner Code of Conduct</a> : outlines TTI's requirements and expectations for all suppliers and partners
●			<a href="#">Anti-Corruption Policy</a>
●			<a href="#">Anti-Trust Policy</a>
●			Trade Compliance
●			Data Privacy, Data Security and Incident Reporting Policies
	●	●	<a href="#">Conflict Minerals Policy</a> : outlines expectations and guidelines in the sourcing of tin, tungsten, tantalum and gold ("3TG")
	●	●	<a href="#">Cobalt Procurement Policy</a> : provides guidelines in cobalt sourcing
	●	●	Social & Environmental Responsibility (SER) Compliance Program: comprehensive scorecard to track compliance with ESG policies in the supply chain
	●		Environmental Management Policies
	●		Environmental, Health & Safety (EHS) and Occupational Hazard Management Policies
	●	●	Product Safety and Consumer Product Regulatory Compliance Policy
		●	<a href="#">Policy Against Modern Slavery and Human Trafficking</a> : states TTI's expectations in relation to human rights and the eradication of modern slavery and consequences of non-compliance



## Compliance

TTI has a robust program in place for our compliance function which sets our policies, training, and regulatory interpretations. These programs are monitored by management, internal audit, and other risk management groups within the organization. Our Group Vice President General Counsel and Chief Compliance Officer heads compliance globally and reports to the CEO and the Audit Committee of the Board of Directors, with local legal, finance, and compliance departments assisting at the regional level.

An invaluable part of our compliance program is the Global Trade Compliance function, which is recognized by our management team as vital to our success. This function supports many of our operations by screening potential business partners to ensure they are not denied, debarred, or otherwise proscribed or embargoed by any relevant government. There is also a Global Trade Compliance Policy in place that explains the export/import control laws, regulations, and economic sanctions that we, along with our suppliers, must abide by. More details can be found in the Supply Chain Accountability section on p.108.

To prevent violations and other mishaps we ensure ongoing communication and training by our compliance and legal department. These training courses are held in-person and on LearnTTI. Employees and suppliers are required to complete training on our codes and policies and to ensure compliance. Our suppliers are also asked to sign compliance declarations annually as part of our Social and Environmental Responsibility (SER) compliance program. The SER compliance declaration serves as confirmation that the supplier understands and commits to complying with the company's SER policies and standards. More information on the SER program can be found in the Supply Chain Accountability Section on p.108.

### KEY INITIATIVES AND PROGRESS

All employees are required to complete various codes and policies as part of their onboarding. Training is provided either through LearnTTI or during in-person training sessions.

## Anti-Corruption

One of the key policies we have in place is our anti-corruption policy which covers how we manage bribery prevention internally and externally. This policy describes the procedures for evaluating our business for corruption risk and the penalties for non-compliance. The policy and the accompanying 30-minute online training module provides guidelines on managing all aspects of business, receipt of gifts, meals, entertainment, company-sponsored travel, political and charitable contributions, and ways of engaging business partners to minimize risk. Our internal controls for managing corruption include accurate accounting, ethical audits, and record-keeping. These help us to regularly monitor the effectiveness of actions in place to support our anti-corruption and anti-bribery efforts.

Periodic audits of these controls, completed either by our internal audit team or through an external third party, provide assurance that robust processes are being adhered to. Programs to verify compliance with anticorruption practices extend from our operations to our supply chain. We follow a robust due diligence process to review potential business partners and monitor existing partners. More details can be found in the Supply Chain Accountability section on p.108. A full list of legal and regulatory requirements related to anti-corruption practices can be found in [Appendix A](#) of our HKEX ESG Reporting Guide Content Index on our website.

To reinforce our commitment to ethics and integrity, we have maintained our membership in the China Enterprise Anti-Fraud Alliance (CEAFA) since 2019. We discourage corrupt practices by continuing to be involved in non-profit cooperative organizations such as CEAFA. The CEAFA hosts learning sessions and meetings where they cover topics on bidding project risk, anti-fraud investigation, corporate governance as well as relationships with legal, internal control and audit teams. Membership with CEAFA offers a variety of benefits such as those listed below:

- Connecting with groups and companies that specialize in anti-fraud and anti-corruption practices;

- Emphasizing our position and attitude on anti-fraud and anti-corruption;
- Gaining access to a blacklist of companies who have violated anti-corruption and anti-fraud rules.

TTI does not make any political contribution in any markets.

### KEY INITIATIVES AND PROGRESS

- 66% of employees were trained in anti-corruption and anti-trust.
- No confirmed legal cases of corruption or monopoly practices were brought against TTI.

## No legal cases of corruption or monopoly practices

## Anti-Trust

The Anti-Trust policy is in place to guide users on legal rules and TTI established rules regarding competition and fair business practices. It indicates clear principles to comply with laws, regulations, internal policies, and codes of conduct regarding anti-competitive behavior. The policy is applicable to all employees, officers, directors, consultants, agents, temporary workers, and contractors. Its purpose is to review penalties for categories of non-compliance, restrictions, violations, and agreements regarding competitors. Included in the policy are also example scenarios and responses so that all may review and have a clear understanding of the policy.



## Data Protection and Cybersecurity

We continuously work towards minimizing data breaches and cyberattacks through increased protection over our data and intellectual property. Our cybersecurity practices are designed to safeguard not only our customers but also our employees, products, networks, and data from any disruptions or breaches. We do this by monitoring high-profile security breaches in the industry and understanding the global impact of them. Cybersecurity scenarios are practiced during our planning stage, documented through our business continuity plans, and tested in our program's ability to respond to threats through attack simulations. Our security measures are always up to date and our programs are designed to continuously evaluate and adapt to the ever-changing cybersecurity conditions.

We are fully committed to maintaining and enhancing our approach to cybersecurity. Cybersecurity training and increased testing is sent out to our employees monthly. Currently, we continue to meet all applicable legal requirements including Europe's General Data Protection Regulation since 2018, and the California Consumer Privacy Act since 2020.

In 2022, revisions to all the current information security policies were completed with 8-10 new ones to be included in 2023. Currently, audits are done as needed and there is no current cadence in place. We are in the process of establishing a 12-18-month revision cadence to our policies. This cadence is purely guidance, as we are constantly revising policies to reflect new emerging threats affecting our business.

One of the ways our business units ensure our security is by completing Cybersecurity Framework Assessments. Previously, all North America business units completed the Cybersecurity Gap Assessment against the National Institute of Standards and Technology (NIST). This year, Asia and Europe completed similar Gap Assessments. Shortly after the assessments, a global Cybersecurity Awareness Program was implemented with global vendors selected based on all BU needs.

A part of our security protocol is the management of Intellectual Property Rights (IPR), including patents, trademarks, logos, copyrights, software, and trade secrets. Our patent invention awards serve to consistently drive creativity within the company. We continuously train employees to respect documentation of ownership and the IPR of others. A high value is placed on innovative concepts and discoveries, which is why we have established procedures to ensure proper usage and protect against infringement of intellectual property rights (IPR) by and of others.



### KEY INITIATIVES AND PROGRESS

- In 2022, there were no complaints concerning breaches of customer privacy or data loss.

**72%**

**trained employees across all business units in data protection and cybersecurity**

## Complaint Resolution

TTI encourages the reporting of complaints and concerns by associates, suppliers, customers, or other concerned parties. It is everyone's responsibility to ensure all violations are duly reported. Complaints can be made anonymously to our Group Vice President General Counsel and Chief Compliance Officer directly. We also have a third party operated compliance hotline for human resources, legal departments, and managers, readily available 24 hours a day, 7 days per week. All complaints are treated confidentially and appropriately investigated by our internal audit team, the legal or human resources

departments, or an independent third party. Remedial actions are taken as needed on a case-by-case basis. Detailed information about complaints and corrective measures are consistently reported to the management teams and the Audit Committee. Our [Complaint Resolution Policy and Procedure](#) provides details about our formal complaint resolution system, including reporting mechanisms, respecting confidentiality, and step-by-step investigation procedures involving various departments. This policy articulates the associate's right to 'no retaliation' for complaints or cooperation made in good faith.

### KEY INITIATIVES AND PROGRESS

- In the reporting period, a total of 11 complaints were filed.
  - » Three cases were related to suppliers.
  - » Three cases were related to TTI employees in the PRC.
  - » Two cases are still open and undergoing investigation.
  - » One case was related to an ANZ employee and was not proven.
  - » One case was related to a TTI product on the Vietnam black market and was followed up by management, and the high-risk areas have been integrated into the 2023 Audit Plan.
  - » One case was related to rebate fraud initiated by outside parties.
- In November 2021, the Australian Competition and Consumer Commission (ACCC) commenced proceedings in the Federal Court of Australia alleging that Techtronic Industries Australia PTY Limited (TTI ANZ) engaged in the practice of 'resale price maintenance' in breach of the Competition and Consumer Act 2010 (CCA). Resale price maintenance occurs when a manufacturer or distributor

seeks to restrict or prevent independent retailers from advertising or selling products at a price below a specified level. These proceedings are ongoing and TTI ANZ maintains that it has always acted within the law and denies that it has engaged in any conduct which contravenes the CCA.

- In November 2022, a petition was released claiming Milwaukee Tool gloves are made with forced labor in a Chinese prison. Milwaukee Tool does not tolerate the use of forced labor. We have strict policies and procedures in place to ensure that no authorized Milwaukee Tool products are manufactured by using forced labor. Milwaukee Tool only partners with suppliers that similarly commit to ethical labor practices throughout their supply chains, and who ensure that no forced labor is used. Milwaukee Tool regularly conducts a complete and thorough review of our global operations and supply chain. A thorough investigation of these claims was conducted, and we have found no evidence to support the claims being made. As we work to continue to deliver world-class innovative solutions to the trades around the globe, we remain strongly committed to working with partners who exhibit ethical labor practices and commit to our [Code of Conduct](#) and [Policy Against Modern Slavery](#).