

MATERIAL TOPIC

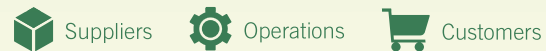
Resources, Materials & Waste

Responsibly consuming resources and materials while managing waste in our operations is how we maintain the ecosystems and natural capital in our communities.



Responsibly managing resources, materials and waste, and adopting circular economy models, to enhance sustainable consumption and production.

Value Chain



GOALS

- Ensure the responsible consumption of resources across our business
- Improve waste treatment and efficient waste management
- Implement programs for biodiversity protection and restoration
- Reduce water consumption

PROGRESS

- Reducing water consumption across operations
- Partnering with Tree Nation to improve biodiversity
- Material management programs and facility development plans that consider biodiversity impacts

How We Are Managing It

Natural ecosystems provide a variety of renewable and non-renewable resources that our business depends on. Reducing our consumption of natural resources, utilizing materials responsibly, and ensuring the safe management of waste is how we remain committed to protecting these ecosystems. R&D projects that focus on developing more environmentally friendly practices are given priority within our business for use throughout our operations. We continue to assess cutting-edge technology, equipment, and systems to conserve, recover and reuse resources.

Natural Capital – Water and Biodiversity

Water is one of the natural resources that our business relies on. All of TTI's water needs are met locally by municipal sources. We remain compliant with all local regulations on water withdrawal and wastewater discharge without any issue in sourcing water per our SOP on Water Pollution Management. We also carefully assess our impact on natural capital prior to and during the construction of new sites. The Water Pollution Management SOP is in place to better manage wastewater discharge and treatment inside the company. We do this to meet the discharge standards, protect and improve

the environment, and comply with the environmental laws and regulations of the state or local government. We strive to have a progressive decline in our absolute water withdrawal year after year. To achieve this, we monitor and develop ways to conserve water throughout our different operations, especially in areas where water is scarce. We are also in the process of establishing a specific water target to help reduce our overall water consumption.

Some of our overall global practices include using recycled water for flushing and collecting rainwater for gardening. Furthermore, we carry out regular inspections to check for hidden water leakage along buried water pipe networks and install motion/time sensors on washbasins. We also promote water conservation by providing access to safe water and sanitation training in the communities we operate in.

Depending on the location, each business unit uses different techniques to conserve water. Our recycled water infrastructure is only available for our locations in the state of Victoria, Australia where we currently have two sites; in Dandenong and Mount Waverly. These sites utilize municipal programs for recycled water in their operations. Water that is being recycled off-site is then redistributed into the pipes for reuse. As our site network grows, recycled water will become more prevalent.



RISK	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> • Resource scarcity leading to high commodity pricing and sourcing difficulties 	<ul style="list-style-type: none"> • Adopt measures to reduce the use of scarce resources and apply circular business models focused on recycling materials, harvesting parts and refurbishment 	<ul style="list-style-type: none"> • Water reduction target, initiatives, and audits • Responsible raw materials procurement initiatives and partnership
<ul style="list-style-type: none"> • Pollution and subsequent reputational damage from mismanagement of waste and resources 	<ul style="list-style-type: none"> • Adopt a circular approach to resources and waste through technological advances 	<ul style="list-style-type: none"> • Waste management initiatives and training across the value chain • Expansion of our repair and refurbishment program
<ul style="list-style-type: none"> • Environmental and ecological impact, including ecosystem degradation and species loss from processes in the value chain 	<ul style="list-style-type: none"> • Contribute to biodiversity restoration through partnerships with NGOs 	<ul style="list-style-type: none"> • Monitoring of biodiversity impacts • Partnerships with environmental NGOs



Apart from water, we protect our wider ecosystems that support air and soil quality, as well as species and habitat diversity. For us, working to restore and preserve biodiversity means going beyond resource conservation to implement careful material selection and sourcing. We are adopting renewable energy as well as designing products and processes for circularity. By prioritizing sustainable materials, clean technology, and recycling, we strive to manage our footprint and reduce our impact on habitats and ecosystems throughout our value chain.

Our individual sites are also striving to invest in projects that safeguard our natural ecosystems and offset carbon emissions. Our MILWAUKEE team based out of Dubai plants two trees every month at a certified forest in Madagascar to offset the CO₂ emission of the local office. Furthermore, every time an end-user purchased a product from its MX FUEL range across the surrounding regions, the company planted an additional 100 trees. As a result of the campaign in 2022, 4,215 trees were planted, offsetting more than 492 tonnes of CO₂. The initiative will continue during 2023, by extending the MILWAUKEE range of tools to the M18 FUEL outdoor power equipment products with the 2023 goal being to plant 10,000 trees. More information can be found here: <https://tree-nation.com/profile/milwaukee-mea>

This year, we continued to manage our biodiversity impacts through various programs and partnerships. We maintained our partnerships with organizations like the Responsible Minerals Initiative (RMI) and the Responsible Business Alliance (RBA), which are dedicated to promoting sustainable procurement of minerals and metals across various industries. We also worked with NGOs such as Habitat for Humanity to provide safe and affordable housing. Through engagement with multi-stakeholder entities like these, we hope to create positive change and expand environmental accountability globally.

KEY INITIATIVES AND PROGRESS

- In the reporting period, there were no incidents of non-compliance with water management regulations across our operations.
- The total water consumption amounted to 344,771 m³, a 20% decrease from the previous year due to conservation efforts and lower manufacturing volume.
- Our water consumption intensity decreased by 20% based on water conservation efforts across operations.
- Total water withdrawal amounted to 1,518,624 m³, a decrease of 12%.
- Total water discharge produced amounted to 1,173,853 m³, a decrease of 9%, when compared to 2021.
- Consumption of recycled water was 224,435 m³, a decrease of around 11% from the previous year.
- TTI AIP replaced washstand faucets in dormitories with faucets with foaming equipment to save up to 6,430 tons of water per year.

344,771 m³
Total Water Consumption in 2022

-20%
absolute decrease from the previous year due to conservation efforts

Water Consumption in 2022



Chemicals

As with all other materials, the goal is to reduce the use of chemicals and hazardous substances in our value chain. Chemicals in use are managed through internal policies shaped by the strictest industry regulations. Our Chemical Management SOP outlines the various responsibilities of individual departments in ensuring the safe handling of chemicals. This includes the purchasing, transportation, storage, and usage of hazardous and non-hazardous substances. It also covers emergency response in the event of leakage, contamination or fire and provides relevant data sheets, regulations and procedure documents.

At TTI, we are diligent about meeting all industry requirements including REACH (Registration, Evaluation and Authorization of Chemicals), a regulation of the European Union (EU) that addresses the production and use of chemical substances as well as their potential impacts on both human and environmental health. This regulation requires that all companies that manufacture or import chemical substances into the EU in quantities of one tonne or more per year, register these substances to the European Chemicals Agency (ECHA). The ECHA-SCIP (Substances of Concern in Products) Database is a process description that governs the procedure for uploading, monitoring, and removing substances. Our purpose and goals are to be aligned with the ECHA requirements.

We also adhere to the Restriction of Hazardous Substances (RoHS) requirements in Europe and parts of Asia, as well as the Toxic Substances Control Act (TSCA), US EPA Clean Air Act and Internal Revenue Code in the USA. Our production processes avoid the use of REACH's substances of very high concern wherever possible, and verification testing for RoHS substances is conducted by our in-house laboratories. We report and monitor any REACH substances under SCIP. At the start of all our projects, any potentially hazardous components are identified as part of our risk analysis and suppliers must provide test reports through TTI-approved, third-party certified laboratories to verify the safety of these components and finished products. Test reports are maintained in a database.

KEY INITIATIVES AND PROGRESS

In this reporting year, we implemented a program for relevant suppliers to complete a survey on ozone-depleting substances (ODSs) and ozone-depleting chemicals (ODCs) to understand the type and amount of these materials used in the supply chain.

Waste

Implementing a global target for reducing the amount of waste generated by our operations is a top priority. We partner with different waste management partners across our different markets to ensure hazardous waste is collected and disposed of safely. These facilities also provide recycling and proper disposal options for hazardous and non-hazardous waste. Associates are trained in how to properly handle waste based on the comprehensive waste management guidelines we provide. Those guidelines are outlined in our Waste Collection and Disposal SOP.

This SOP identifies the recycling treatment process of recyclable waste, unrecyclable waste, and hazardous waste (including medical waste) in order to comply with the requirements of national environmental laws and regulations of environmental protection. Our EHS teams are responsible for ensuring locations have the appropriate resources to comply with all policies and regulations. Internal audits of our management processes are held and periodically reviewed with third-party auditors.

ZERO incidents

of non-compliance with waste management regulations

-2%

Total waste consumption

-3%

Total waste intensity

KEY INITIATIVES AND PROGRESS

- There were no incidents of non-compliance with waste management regulations.
- We produced 62,413 tonnes of non-hazardous waste and 1,261 tonnes of hazardous waste in 2022. Our absolute hazardous waste increased by 7%, while non-hazardous waste decreased by 3%.
- Total waste consumption and intensity decreased by 2% and 3%, respectively.
- Total recycled waste remained flat compared to 2021. We continue to assess new ways to reduce the use of hazardous materials and waste overall.
- To better manage waste, in 2022 we implemented the following initiatives:
 - » Working with associations to develop content on proper recycling of our products.
 - » Implementing programs for recycling, including paper, cardboard, scrap metal, bottles, cans, plastic, oil, wood pallets, lightbulbs, printer cartridges, and food waste.
 - » Utilizing electronic filing systems to save paper where possible.
 - » Recycling batteries and power tools to recover materials such as steel, copper, and aluminum, which are then returned to the manufacturing sector to produce mixed metal dust.
 - » Participating in government initiatives for the safe disposal of WEEE electrical equipment.
 - » Partnering with TREX to collect plastic film and plastic waste to be recycled and used in the manufacturing of TREX products.
 - » Partnering with National eWaste Alliance (NEWA) and Scipher to process electric waste responsibly.

Material Management

Our R&D teams are focused on utilizing sustainable materials whenever possible and at all stages of our product life cycle. In the PRC, we dismantle surplus products and items used for reliability testing to assess the components for suitability of reuse or recycling. In line with our circular economy, we maintain our partnerships with recyclers that have patented technology to recover valuable materials from products.

Packaging and Paper

We consistently look for ways to reduce our packaging so we can conserve resources and make transportation more efficient. The bulk of our packaging includes paper for boxes, cartons, die-cut sheets, plastic for polybags, bubble bags, clamshells, and tool bags. We reduce the number of materials used in our packaging by opting for reduced impact materials and biodegradable options. This includes corrugated cardboard, 70% of which is made of recycled paper pulp, honeycomb board, chipboard, paperboard and/or molded pulp. The goal of our programs is to remove Expanded Polystyrene (EPS) foam from our packaging, reduce packaging material weight and minimize paper in our manuals by replacing them with QR codes and one page info sheets. In addition, we reduced the use of polybags by replacing polybag packaging for batteries. Our battery packaging now contains biodegradable bags and our paper bags have now been substituted for polybags that hold manuals, leaflets and accessories.

Batteries

One of the main reasons for our success is the “network effect” of our battery platform, which enables users to use a single battery to power all products within the same system. This “network effect” has played a significant role in our ongoing financial success and our position as a leader in the circular economy. Battery materials have long been a key focus of our environmental efforts. By designing our rechargeable battery packs to be interchangeable within each product network, we have been able to stem excess consumption, production and waste. More detail on our interchangeable battery network can be found on p.16.



KEY INITIATIVES AND PROGRESS

- This reporting period, the total packaging used was 69,598 tonnes, out of which 41,769 tonnes were recycled materials.
- Packaging measures that resulted in significant environmental benefits as well as cost savings for our business in 2022 included:
 - » Reducing product packaging size, replacing materials with environmentally responsible alternatives and increasing the shipping capacity of products.
- In 2022, we were successfully able to introduce the use of iPads to our field associates who previously relied on paper in day-to-day operations. The rollout of the iPad initiative resulted in a significant reduction in paper usage, saving an estimated 6,912 trees annually.
- We have replaced our clamshell packaging with paper for our RYOBI products.