

MATERIAL TOPIC

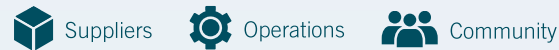
Supply Chain Accountability

Placing great emphasis on the ethical, environmental, and social impact of our products and services throughout our value chain.



Building capacity and aligning our supply chain on decarbonization, safeguarding human and labor rights, and forging strong partnerships to affect change across the industry.

Value Chain



GOALS

- Promote human and labor rights, gender equality, and environmental protection in the supply chain
- Expand and enhance partnership opportunities to effect change
- Promote climate action

PROGRESS

- 100% of suppliers trained on Business Partner Code of Conduct (BPCoC) and human rights policies
- Increase the number of effective engagements with NGOs in major countries of operation and where there is a greater risk of human rights violations within the supply chain
- Mapping Scope 3 emissions in the supply chain and building resilience for climate change-related risk

How We Are Managing It

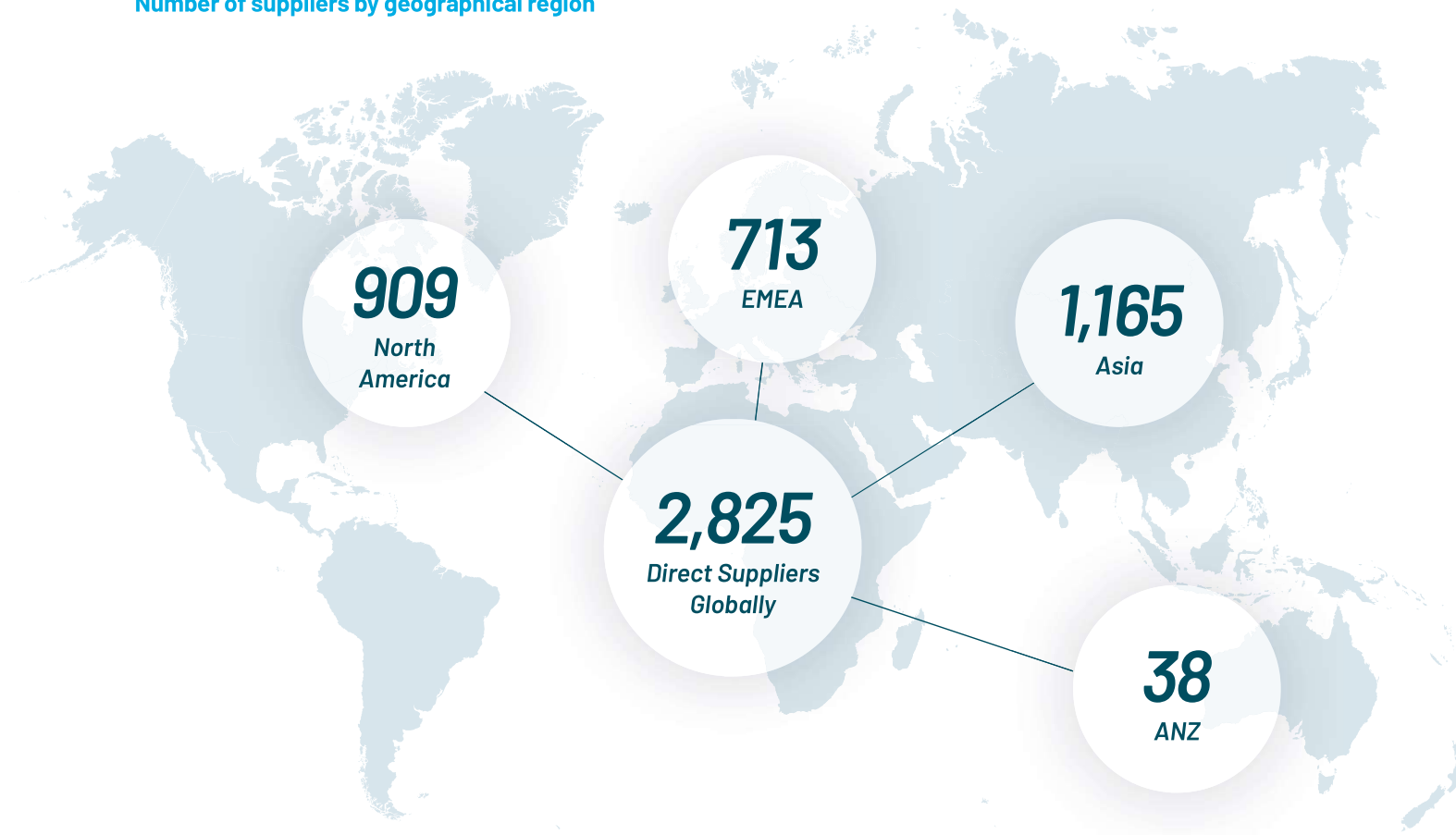
Sourcing raw materials and other activities along our supply chain has lasting environmental, social, and economic impacts. We aim to continuously improve accountability, transparency, and sustainability performance in our supply chain to mitigate risk and secure business continuity. This begins with carefully assessing risk from ethical, environmental, and social standpoints, and selecting suppliers that uphold our standards and values.

The selection of our suppliers considers quality and reliability with an increased focus on ESG considerations. As such, numerous departments, including sustainability, finance, legal, procurement, and quality, are involved in the process. This ensures all potential suppliers are assessed on key criteria beyond basic financial viability in the categories of forced labor, child labor, harassment and abuse, discrimination, wages and benefits, working hours, freedom of

association, health and safety, and environment. More information on our criteria as well as violations and audits can be found in our [BPCoC](#).

In accordance with our values, codes, and policies, we support the United Nations Guiding Principles on Business and Human Rights. All suppliers are required to comply with the relevant laws and regulations in their jurisdiction, such as minimum wage requirements, along with our standards and policies. This is outlined in our contractual and standard purchase order terms. We are focused on the prevention of corruption and bribery in the supply chain, and violations are not tolerated. In addition to anti-corruption, issues of concern include pollution mitigation, waste management, conservation of resources, and respect for human rights. We require that suppliers have both environmental, and health and safety management systems and certifications. At a minimum, suppliers should have policies aligned

Number of suppliers by geographical region



RISK	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> • Reputation and environment of not collaborating with suppliers and partners to tackle the issue of responsible sourcing 	<ul style="list-style-type: none"> • Establish partnerships to drive positive change across the industry and supply chain 	<ul style="list-style-type: none"> • Membership to Responsible Business Alliance and other organizations (i.e., Responsible Mineral Initiative, Responsible Labor Initiative, the Better Mining initiative, The Mekong Club)
<ul style="list-style-type: none"> • Human rights violations and environmental non-compliance within the supply chain 	<ul style="list-style-type: none"> • Build capacity and align our supply chain on human rights and environmental protection 	<ul style="list-style-type: none"> • Investigations, compliance monitoring on ethics and human rights and participation in the Better Mining initiative • Conflict minerals and cobalt procurement initiatives • Require suppliers to have Environmental Management System and certifications that align with the principles of International Organization (ISO) in place
<ul style="list-style-type: none"> • Disruptions in the supply chain due to increasing climate change related risk (i.e., extreme weather events, impact on labor from increased heat and disease) 	<ul style="list-style-type: none"> • Implement responsible production and consumption measures in the supply chain to reduce GHG emissions and build resilience to mitigate and adapt to climate change-related challenges 	<ul style="list-style-type: none"> • Capacity building to enable suppliers to measure and reduce GHG emissions • Renewable energy and recycling initiatives within the supply chain

with the principles of the International Organization for Standardization (ISO) standards in place. Our stringent standards on modern slavery and human trafficking must also be consistently followed, especially our no tolerance of child and forced labor.

Supply Chain Governance: Social and Environmental Compliance and Auditing

To ensure ESG practices of potential partners are aligned with our policies and global standards we utilize the Social & Environmental Responsibility (SER) Compliance Program and auditing function. The SER's purpose is to provide a universal standard reference on compliance with the National Environmental Policy Act (NEPA) and related federal laws, executive orders, regulations, and policies. The SER Compliance Program includes periodic audits of internal controls for managing corruption, conducted either by our internal audit team or by external third-party auditors. These audits provide assurance that robust processes are being followed and help to ensure the integrity of our organization.

Prior to beginning a supplier engagement, an audit is conducted in which the potential supplier must meet the minimum threshold to begin a working relationship with us. Suppliers are then subjected to

Key Compliance Policies Accessible to Suppliers

All global suppliers are made aware of the below key policies that are available across markets in local languages.

● ENVIRONMENT	● SOCIAL AND COMMUNITY	● GOVERNANCE	
●			<u>Business Partner Code of Conduct</u>
●			<u>Anti-Corruption Policy</u>
	●		<u>Policy Against Modern Slavery and Human Trafficking</u>
	●	●	<u>Conflict Minerals Policy</u>
	●	●	<u>Cobalt Procurement Policy</u>
		●	<u>Social & Environmental Responsibility (SER) Compliance Program</u>

Social & Environmental Responsibility Audits

The following table provides detail on some of the key criteria assessed through the SER audits.

- **Governance** – Ethics and anti-corruption
- **Social standards** – Human rights, labor laws related to hiring, working hours, wages and benefits, health and safety standards based on the fundamental principles of the International Labour Organization (ILO)
- **Environmental standards** – Chemical management, pollution monitoring, hazardous substance management, including the prohibition and/or declaration of substances in products, compliance with ISO 14001 or other environmental management system requirements and waste management
- **Factory security** – Regulations on health and safety, including fire safety, first aid, hygiene management, accident/injury and hazards control mechanisms, factory personnel protection

Focus on Human Rights: Along with SER audits, suppliers must respond to surveys about their compliance with our Business Partner Code of Conduct and the Policy Against Modern Slavery and Human Trafficking.

Responsible Supply Chain Management

Sustainability is a key part of our supply chain management efforts.



audits every 12 to 18 months to ensure continued compliance. If an instance of non-compliance is detected, we initiate a Corrective Action Plan (CAP) to be completed. For those with CAPs in place, results are shared, and we work with them to implement corrective measures. For suppliers with CAPs, more frequent audits and trainings are required. The supplier relationship will be terminated if major compliance issues are not corrected to meet set standards.

Our Social & Environmental Responsibility (SER) Compliance Program engages suppliers across markets. This program includes audits that are either conducted by third-party auditors or our SER compliance, quality, and sourcing teams. In addition, certified auditors from organizations such as the Responsible Business Alliance (RBA) and SEDEX help us to improve working conditions in our global supply chains. The results of these audits can be shared with other members of these organizations to enhance collective knowledge in the field.

We supplement our audits by having our suppliers acknowledge acceptance of key requirements and policies through our Online Compliance Platform. This Platform allows us to assess and monitor supplier performance and any associated risks. Supplier risk assessments are typically conducted once a year. The Corruption Index, the Human Development Index, and other mapping resources are what we utilize as guides to assess risk. These resources are readily available to us through our various memberships and partnerships such as Mekong Club, RBA, and Better Mining. More information on our partnerships can be found on p.112.

The SER assessments cover a range of topics, from Occupational Health and Safety to Ethics and Environmental Protection, however, human rights are our key focus. Suppliers are required to acknowledge our Policy Against Modern Slavery and Human Trafficking and are requested to complete a modern slavery survey. The survey enables us to assess potential risks on an annual basis before engaging suppliers. These assessments are thoroughly reviewed, and additional in-person audits are conducted by the SER compliance, quality, and sourcing teams or external auditors as needed. A supplier scorecard is used to assess both new suppliers and existing partners on a regular basis.

KEY INITIATIVES AND PROGRESS

- In total, we worked with 2,825 direct suppliers.
- During the reporting period, 592 supplier audits were conducted and as a result, 17 suppliers were required to carry out corrective action plans.

Reporting Violations

In the matter of reporting violations, TTI has a third-party-operated compliance hotline for suppliers and business partners to report violations of our policies, ethical concerns, or any ESG concerns. Complaints are taken seriously, and actively investigated with appropriate remedial measures taken as needed. Details on our management of complaints and corrective measures, including for suppliers and other business partners, can be found in the Ethics and Integrity section on p.102.

KEY INITIATIVES AND PROGRESS

There were no complaints reported by our suppliers.



Responsible Mineral Procurement

Implementing responsible mineral procurement practices is a top priority, especially due to the amount of minerals that are contained in our products, electronic components, and batteries. We conduct assessments of our suppliers. To facilitate our adoption of best practices, we've included the risk analysis of our procurement process and active participation in industry partnerships. More information is outlined in our [Conflict Minerals Policy](#) and [Cobalt Procurement Policy](#). In these policies, we mention how all the tantalum, tin, tungsten or gold (3TG), and cobalt we use must be sourced from reputable mines, or from sources that are working to be certified as conflict-free organizations, such as the Responsible Mineral Initiative (RMI). Suppliers must acknowledge and implement these policies and complete our Conflict Minerals and Cobalt Reporting Templates annually to provide details about their sources. Through our online SER compliance platform, we review the data and provide our relevant sourcing leaders with reports. These reports are also made readily available to our customers upon request.

Our efforts to source responsibly and protect human rights have become more extensive through partnerships with global social responsibility organizations such as the Responsible Business Alliance (RBA) and The Mekong Club. With RBA, we are involved with several programs, including the Responsible Labor Initiative (RLI). This program enables us to participate in a collaborative, cross-industry approach to address the root causes of forced labor. Resources such as Reasonable Country of Origin (RCOI), which is data that is verified through the Responsible Minerals Assurance Process (RMAP), are made readily available to us because of our collaborations. RMAP is an online smelter platform that identifies high-risk areas. Our industry collaborations with groups like RBA have also led to engagement in community impact programs such as the Better Mining initiative. The Better Mining initiative is a mineral agnostic assurance and capacity-building program that improves conditions on and around artisanal and small-scale mining (ASM) sites. The RLI also provides specialized services and tools to establish company-level due diligence programs.

We are proud to partner with Better Mining and over the past year the program has expanded its presence in the cobalt sector, with 11 artisanal mine sites under permanent monitoring by Better Mining field agents. The program has also seen positive changes through local capacity building and collaborating with the United Nations Children's Fund (UNICEF) to develop a toolkit for mitigating child labor in ASM communities.

Sustainable risk management has been a central focus of Better Mining in the past year. Mining communities are integral to the program's commitment to enhancing the capacity of cooperatives and other ASM actors to adopt responsible practices and make an impact in global value chains. During 2022, Better Mining observed and recorded a substantial increase in the capacity of local ASM actors to manage risks on mine sites. This trend was evident, particularly among mature mine sites in the program, which have maintained a risk management implementation rate of over 86% for the past year. This positive outcome can be attributed to initiatives such as the provision of waterproofing materials and equipment by mining cooperatives to workers ahead of the rainy season, leading to the protection of underground pits and a noticeable reduction in risks such as accidents or injuries.

The consultation process, conducted by UNICEF and RCS Global, involved engagement with 68 stakeholders across the mineral supply chain, including civil society, communities, government, and the private sector. The toolkit was developed based on these consultations and has been piloted at two selected sites. During the testing of the toolkit, best practices were implemented, and activities involved awareness campaigns at local schools, leveraging funds to place children who were victims of sexual violence back into schools, increasing security at mine site entrances and creating child labor mitigation plans with other neighboring mining operators.

As a founding partner in Better Mining's program, we have supported RCS Global, a leader in responsible sourcing and driver of better practices in ASM operations since December 2020. The Better Mining monitoring program ultimately improves the sustainable practices of the mines, thereby enhancing the socio-economic conditions of the wider community. Through expansion to new mine sites, Better Mining builds and scales improvements in the ASM delivering sector-wide improvements.

KEY INITIATIVES AND PROGRESS

- In 2022, 1243 suppliers were surveyed on conflict minerals and 90 suppliers were surveyed on cobalt.
- There were no high-risk concerns identified in our Conflict Minerals and Cobalt Procurement Campaigns.
- Of the smelters identified in the Conflict Minerals Campaign, 15.8% indicated sourcing from the Democratic Republic of Congo (DRC) and 92.5% were conflict-free certified or actively working towards certification.
- One smelter in our separately run Cobalt Procurement Campaign indicated sourcing from the DRC but is certified conflict-free.
- 96.2% of the smelters identified in the Campaign were either certified or actively working towards certification.
- US\$20,000 was donated to Better Mining in 2022.

