

MATERIAL TOPIC

Climate Change

By evaluating the effects of our business practices on climate change, we can formulate an effective strategy to reduce our environmental impact.



Offsetting GHG emissions, reducing energy consumption, and collaborating with international partners to address our climate change impact.

GOALS AND TARGETS

- Reduce Scope 1 and 2 GHG emissions by 60% by 2030
- Ensure full compliance with climate-related frameworks and regulations
- Increase renewable energy use

PROGRESS

- Reduced absolute Scope 1 and Scope 2 emissions
- Decreased Scope 1 and Scope 2 emission intensity
- Continued procuring green energy
- Started installing solar panels at key sites
- 19% of energy is from renewable sources

VALUE CHAIN

- Suppliers
- Operations
- Customers
- Community

RISKS

- Not achieving environmental targets and the resulting financial impacts
- Failure to transition to clean, renewable energy sources

- Non-compliance with climate related-frameworks and regulations

- Physical damage to assets from climate-related events that could lead to business disruption

OPPORTUNITIES

- Implement energy efficiency programs, transition to renewable energy, and implement fleet decarbonization strategy

- Align climate action and disclosure with climate-related frameworks and regulations

- Develop a strategy for operational and supply chain resilience to climate-related physical risk

RESPONSES

- Conducting energy assessments at all key sites across the Group and establishing an energy reduction action plan
- Implementing Scope 1 and 2 reduction initiatives
- Mapping Scope 3
- Developing plans to address physical and transitional climate-related risks

- Climate action and disclosure training for relevant associates
- Reporting metrics for climate action and compliance with related frameworks and regulations

- Collaborating with industry and NGO partners to address climate action



How We Are Managing It

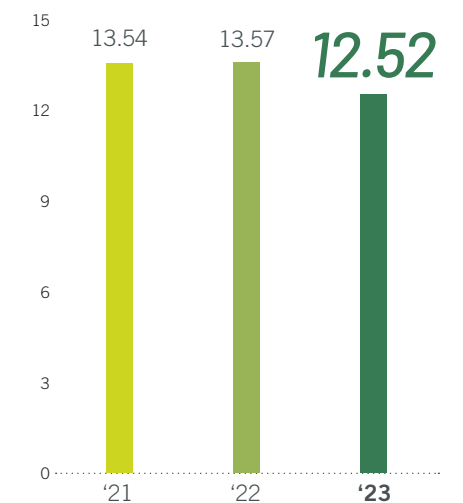
To mitigate the impacts of climate change, it's crucial that we formulate and execute a plan to reduce our carbon emissions. During this reporting period, our Scope 1 and 2 reduction strategies have seen steady progress while we continued mapping our Scope 3 emissions.

Our approach is all-encompassing, and based on research, science, technology, and market conditions. We conduct energy audits at all material Group sites and formulate energy reduction action plans based on our findings. We also have designated plans that address both physical and transitional climate risks. To ensure compliance within our workforce, all relevant associates are trained on climate action and disclosures, while also adhering to the relevant frameworks and regulations of reporting metrics pertaining to climate action.

Emissions and Energy

Our climate change strategy centers on two fundamental steps: evaluating our carbon footprint and reducing emissions through our operations. This encompasses our manufacturing, transportation, offices, service centers, and value chain, all of which contribute to air and GHG emissions.

Total Scope 1 and 2 GHG Emissions Intensity (tCO₂e per sales revenue, US\$ million)





These emissions arise from fossil fuel combustion, manufacturing, heating, cooling, lighting, vehicle operations, and machinery. Minimal refrigerants, or fluorinated gases, are part of our emissions inventory mainly within our high quality Heating, Ventilation, and Air-Conditioning (HVAC) systems across our facilities.

A crucial step toward emission reduction is optimizing energy efficiency. Enhancing energy efficiency involves proactive upkeep of HVAC and building management systems. We ensure efficient lighting by adjusting levels according to occupancy and natural light availability, employing LED lights, and utilizing energy management systems. Another cornerstone of our energy management approach is the generation and acquisition of renewable energy. Our energy strategy comprises of four key levels:

- Energy efficiency
- Renewable energy production
- Renewable energy procurement
- Fleet decarbonization

171,984 tonnes

Total GHG emissions (Scope 1 and 2) of carbon dioxide equivalent (tCO₂e)

-8%

Reduction of Scope 1 and Scope 2 GHG emissions intensity

-4%

Absolute Scope 1 and 2 GHG emissions

▶ KEY INITIATIVES AND UPDATES

- 19% of our overall energy consumed is derived from renewable sources, which represents an absolute increase of 31% from 2022
- Through our internal investigations we have identified potential air pollutants. After assessing the results, we have determined the associated air emissions are not significant, however, we continue to monitor and evaluate them
- Our total energy consumption in 2023 amounted to just under 520,000 mWh. Although this is an increase from 2022, we increased our renewable energy consumption
- This year, we took the following steps across our operations to decrease emissions and improve energy efficiency
 - » Implementing building management systems in the buildings where they were not previously implemented
 - » Implementing energy efficient processes across business operations, such as turning off lights and HVAC systems when not in use
 - » Removing or replacing old equipment with the latest versions to improve energy efficiency and lower overall consumption

Energy Efficiency in Product Development and Manufacturing

Across all our BUs, we follow a comprehensive process for creating a wide array of products, including batteries and chargers, across various brands and product lines. Every developmental phase is accompanied by testing protocols, involving substantial testing periods, sample sizes, and applications. To reduce the energy impact of testing, our test labs have created specialized testing setups using regenerative electronic loads. The regenerative electronic load enables us to recover up to 92% of the energy needed for validating and qualifying these products. We are working on developing additional energy recapture technology for use within our manufacturing processes.

We persistently prioritize the integration of environmental factors into the establishment of new manufacturing facilities. This includes embedding considerations like energy efficiency, adoption of renewable energy sources, promotion of biodiversity, and implementation of water conservation measures into the design and construction processes of buildings, systems, and equipment.

Green Energy Procurement

A significant component of our decarbonization strategy includes our green energy procurement, both on and offsite. We've effectively obtained accredited agreements for green energy to be utilized in Australia, Germany, China, and the U.S., complementing our onsite efforts in green energy procurement. In Australia, four of our sites have transitioned to 100% renewable energy, as certified by GreenPower. All our MILWAUKEE, Wisconsin, sites in the U.S., including our hand tool factory in West Bend, WI are also procuring green energy. As for the BUs not currently utilizing green energy, we plan to implement the following steps:

- Review solar panel installation opportunities
- Switch from standard grid to renewable energy usage
- Review Power Purchase Agreements (PPAs) / Virtual Power Purchase Agreements (VPPAs)

As we progress in our decarbonization and energy management strategy, onsite renewable energy is starting to be utilized across our operations in Europe and the U.S. In addition, we have assessed other offsite renewable energy procurement opportunities such as Power Purchase Agreements, green tariffs, green procurement, and

renewable energy certificates. Concerning onsite energy acquisition in Asia, our AIP BU is installing solar panels across their facilities to optimize energy consumption. The solar panels, covering approximately 60% of the AIP facility, are anticipated to generate 103,171,865 kWh of energy by the year 2027, contributing to a total savings of 309,575,827 kWh over 20 years. Phase one of the installation was completed January 2024, marking a significant step towards sustainable energy practices and resource efficiency.

In 2023, our MILWAUKEE BU in the U.S. furthered their commitment to renewable energy and reducing our emissions by entering a partnership with the Tennessee Valley Authority (TVA) and their “Green Flex Program”. Through this program, MILWAUKEE has been able to increase total renewable energy procurement to nearly 60,000,000 kWh/yr. In 2024, we plan to expand our participation in these programs to two additional facilities in the U.S.

▶ KEY INITIATIVES AND UPDATES

Initiatives focused on renewable energy included:

- Procuring green energy across operations in the U.S. and Europe
- Approximately 30% of our overall electricity is generated from green energy sources, representing an increase of 31%



Energy Audits

Energy audits are an essential part of our energy management strategy. We have conducted energy audits at our main sites across the globe including PRC, Europe and the Middle East (EMEA), and Central, North, and South America (the Americas). The audits investigated the usage of alternative energy sources and energy-saving opportunities. The results indicated short payback measures and many major scale savings through assessments at individual manufacturing plants. This process included site inspections to assess operations, support machinery, and maintenance activities. Some of the findings suggested improvements to lighting, HVAC systems, equipment and machinery, process energy consumption, and renewable energy opportunities.

Sourcing renewable energy to power our facilities is an important step towards meeting our emission reduction targets. We continue to engage with our trusted utility partners to explore options to procure clean electricity for our operations.

▶ KEY INITIATIVES AND UPDATES

- In 2023, a routine environmental compliance audit at one of our manufacturing facilities outlined a non-substantive finding in the area of TRI – Form R reporting. This finding was submitted to the EPA using their eDisclosure tool and was immediately corrected. There were no monetary or legal fines that occurred as a result



Building Standards

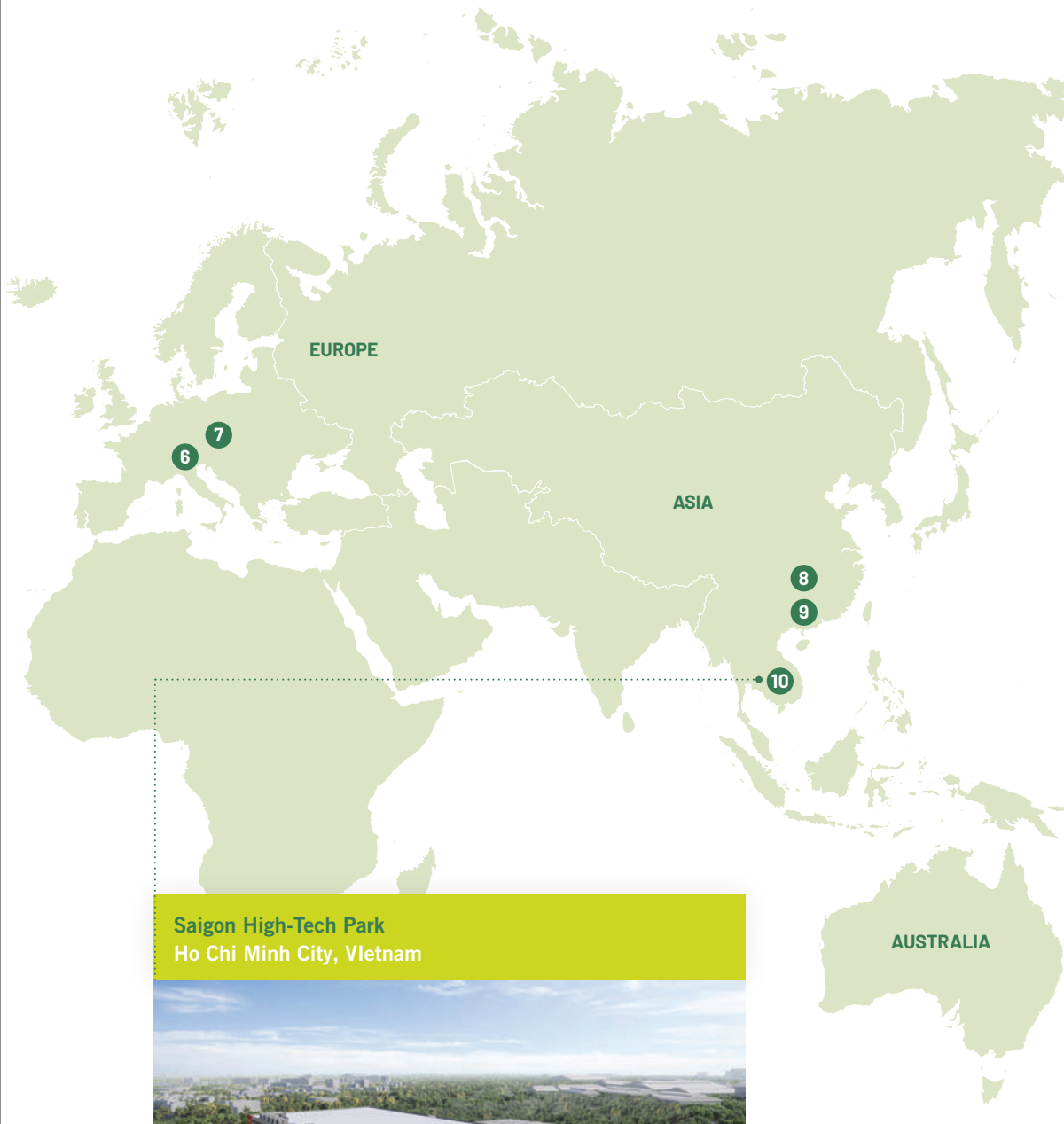
TTI Canada
Toronto, Canada

The TTI Canada HQ office has relocated to a state-of-the-art, environmentally focused building. Qualified as a Class “A” facility, this Center-Corp managed complex features an award-winning office building that is a leader in energy and water conservation, waste reduction, indoor air quality, and operational best practices.

TTI Floorcare
Charlotte, USA

In May 2023, TTI opened our cutting-edge Floorcare Chemicals lab. This facility is responsible for developing our Floorcare cleaning solution formulas. Safety is a top priority in the formulation lab, with a strong emphasis on EHS compliance. Safety measures are implemented through rigorous policy-driven procedures, administrative controls, and PPE. Regular safety audits and pressure testing ensure the integrity of gas systems. Additional safety measures include acid traps for fume hood sinks, CFM alarms, flame cabinets, spill kits, shower/eyewash stations, CO₂ extinguishers, and a Labcup system for precise inventory management, chemical labeling, and tracking.

By formulating concentrated products at our own chemicals lab, we reduce water usage and the weight of shipping materials, effectively lowering our carbon footprint. Our partnerships with sustainable green chemical suppliers enable us to reduce our reliance on petroleum-based ingredients by using renewable biobased raw materials. We are also actively involved in industry-standard committees ensuring our placement at the forefront of green technologies. Overall, the new Floorcare chemicals lab embodies our commitment to innovation, safety, and environmental stewardship in a rapidly evolving industry.



Saigon High-Tech Park
Ho Chi Minh City, Vietnam



- 1 MILWAUKEE**
 - Sun Prairie, Wisconsin, USA
 - Mukwonago, Wisconsin, USA
 - West Bend, Wisconsin, USA

- 2 MILWAUKEE and TTI FC**
 - Cookeville, Tennessee, USA

- 3 MILWAUKEE**
 - Jackson, Mississippi, USA
 - Greenwood, Mississippi, USA
 - Grenada, Mississippi, USA

- 4 MILWAUKEE**
 - Torreon, Coahuila, Mexico

- 5 TTI PE**
 - Anderson, South Carolina, USA

- 6 Drebo Germany**
 - Altshausen, Germany

- 7 TTI CZ**
 - Nyrany, Czech Republic

- 8 TTI AIP**
 - Dongguan, China

- 9 TTI Zhuhai**
 - Zhuhai, China

- 10 TTI Vietnam Manufacturing**
 - Dong Nai Province, Vietnam
 - Binh Duong Province, Vietnam
 - Cu Chi, Vietnam

Upcoming Factory (Saigon High-Tech Park)

- Ho Chi Minh City, Vietnam



Building Standards

To enhance our business’s environmental footprint, we have implemented various initiatives, including preventive maintenance and monitoring systems. Our strategies encompass the installation of LED lighting with timers and motion sensors, water use management, efficient chilled water systems, and the utilization of Energy Star low NOx condensing boilers.

Leadership in Energy and Environmental Design (LEED) is a renowned and widely adopted green building rating system that incorporates WELL building standards and various other sustainable building criteria. WELL is a performance-based system for measuring, certifying, and monitoring features of the environment and how they impact human health. Below are a few examples of our building standard certifications and awards our locations have received over the years:

- Fort Lauderdale, Florida, USA
 - » LEED – Gold Level certificates
- Kowloon, Hong Kong
 - » LEED – Gold Level certificates
- Toronto, Canada
 - » BOMA Gold Certificate of Excellence
 - » TOBY Building of the Year
 - » BOMA Best
 - » Energy Star
 - » WiredScore
 - » FitWel certified award
- TTI Vietnam Deutsches Haus Ho Chi Minh
 - » DGNB – Gold Level certificate
 - » LEED – Platinum Level certificate
- TTI Vietnam Saigon Hi-Tech Park Project (SHTP)
 - » LEED – Gold Level Certificate
- Greenville, South Carolina, USA
 - » ENERGY STAR certification from the U.S. Environmental Protection Agency (EPA)

Diversification

By diversifying and localizing our manufacturing and supply chains, we can effectively reduce GHG emissions and address climate-related risks. This strategy involves sourcing and producing goods closer to their respective markets, which in turn reduces the need for extensive transportation and the associated emissions. This approach allows us to build stronger relationships with emerging markets as we engage with local suppliers. The Group’s largest supplier, along with the five subsequent largest suppliers in terms of the volume of goods and services supplied, accounted for approximately 7.5% and 17.5% of the Group’s total purchases, respectively (excluding purchases of items of a capital nature).

Our objective is to collaborate with business partners globally to elevate environmental and safety standards across our entire value chain. In doing so, we actively contribute to the development of local communities, creating a positive impact on their economies, living conditions, and educational opportunities.

Climate Risk and Analysis

To gain a comprehensive understanding of the climate-related challenges TTI faces, we conducted a Climate Risk Analysis in 2021. This involved examining both transition and physical risks that could impact critical locations, equipping us with insights into our risk management and strategic planning processes. We adopted best practices for the analysis by collaborating with experts in the field, aligning with HKEX’s “Guidance on Climate Disclosures” (November 2021), and following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

A physical climate risk analysis was conducted on 13 of our key sites across markets in China, Vietnam, and Mexico. This examination involved modeling the potential consequences of eight acute and chronic physical risks within the framework of three distinct climate scenarios. A map of our key manufacturing sites can be found on p.60-61. In the near future, we plan to conduct a Climate Risk Analysis across all of our other manufacturing and distribution sites.

CLIMATE RISK ANALYSIS RESULTS

TTI carried out financial analyses at both the portfolio and asset levels to assess potential financial losses resulting from physical asset damage and possible business interruptions (i.e., operational losses). We ranked and prioritized markets and specific assets based on their financial Climate-Value-at-Risk (CVaR) to us. Our initial analysis revealed that within the identified portfolio, we face the highest exposure to acute climate events like typhoons, storm surges, and flooding caused by rainfall and river expansion. Consequently, chronic events like extreme heat could also impact us.

A transition risk analysis assesses the risks and opportunities associated with the shift toward a low-carbon economy. This analysis was conducted under the following climate scenarios published by the International Energy Agency (IEA):

- Net Zero Emissions by 2050 Scenario (NZE), which is a stringent pathway; and
- Stated Policies Scenario (STEP), which is a business-as-usual pathway

Government policies, the economy, and technology trends were reviewed to identify a list of transition risks and opportunities.

They were further prioritized according to their impacts on our business, and operations and are as follows:

- Market and reputation – Increased demand for energy-efficient products, electrification, and switching to low-carbon sources
 - » Higher energy prices will drive demand for efficient products
 - » Households will be less reliant on oil and gas to meet their energy needs
 - » We see this risk as an opportunity to gain a greater reputation and market share while meeting customers’ expectations
- Increased carbon price – carbon pricing mechanisms through carbon taxes or emission trading systems and emerging carbon regulations will be introduced to all operating markets
 - » This could increase the expenditure for compliance or investments needed for increasing the energy needed in our operations
 - » We have plans to re-engage experts to conduct a physical and transition risk analysis on all our key sites by 2025

