

MATERIAL TOPIC

Supply Chain Accountability

Prioritizing ethical, environmental, and social implications of our business across our entire value chain.



Aligning our supply chain on decarbonization and safeguarding human and labor rights to drive an industry-wide transformation.

GOALS AND TARGETS

- 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
- Map Scope 3 emissions across our supply chain
- Train 100% of suppliers on our Business Partner Code of Conduct (BPCoC)

PROGRESS

- Membership to Responsible Business Alliance
- Mapping Scope 3 emissions in the supply chain and building resilience for climate change-related risk
- 100% of suppliers trained on BPCoC and human rights policies

VALUE CHAIN

- Suppliers
- Operations
- Community

How We Are Managing It

Our objective is to continually enhance accountability, transparency, and sustainability within our supply chain to mitigate risks and ensure sustainable business operations. This begins with carefully assessing risk from ethical, environmental, and social standpoints, and selecting suppliers that uphold our standards and values. When selecting suppliers, we prioritize quality and reliability. Numerous departments, including sustainability, finance, legal, and procurement, participate in this comprehensive assessment process. This ensures potential suppliers are assessed on key criteria such as:

- Financial viability
- Working hours and freedom of association
- Prevention of unethical labor practices, harassment, abuse, and discrimination
- Health and safety
- Wages and benefits
- Environmental stewardship

In alignment with our values, codes, and policies, we actively endorse 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. These obligations are clearly stated in our contractual agreements and standard purchase order

terms. We are focused on the prevention of corruption and bribery in the supply chain, and violations are not tolerated. We conduct investigations and employ compliance monitoring mechanisms pertaining to ethics and human rights.

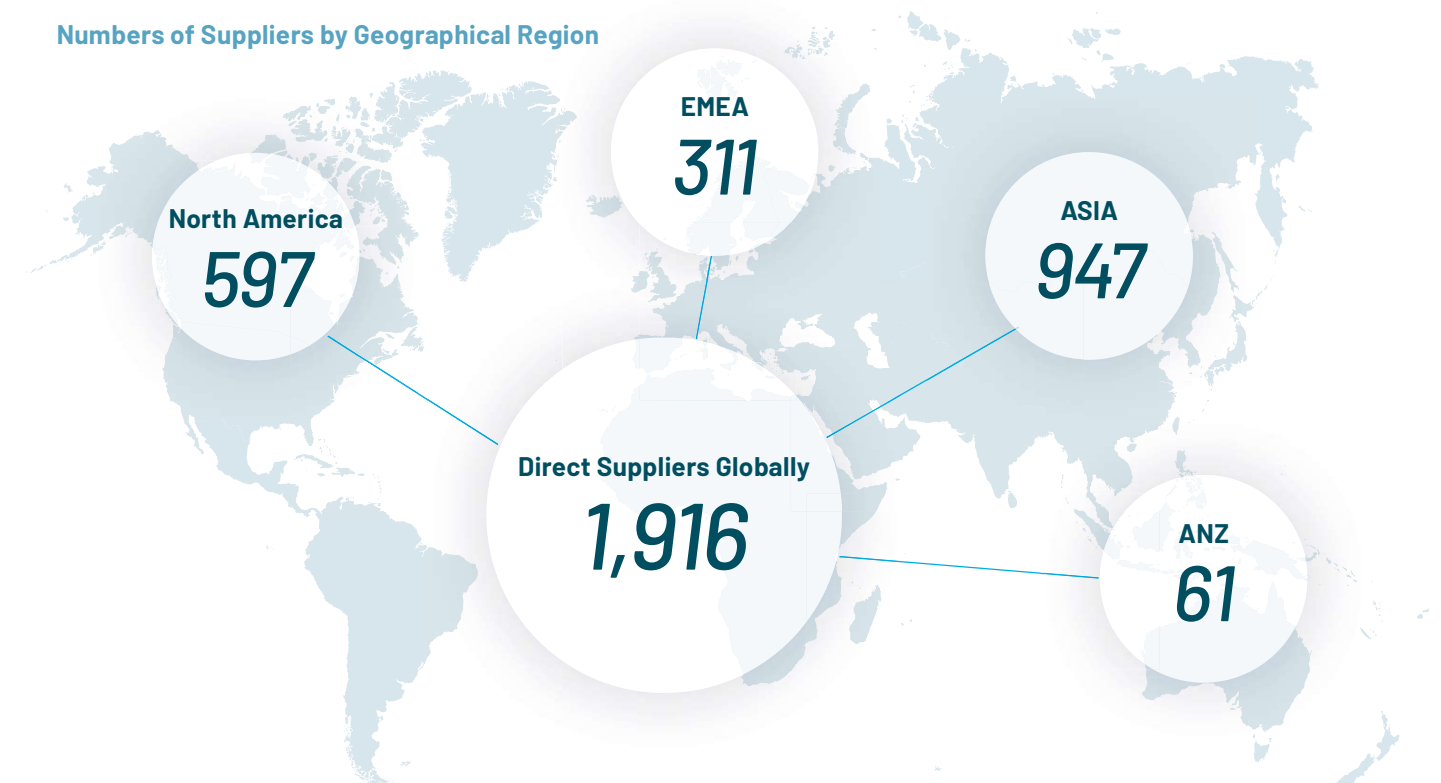
As a minimum requirement, we expect our suppliers to have policies that align with the principles outlined by the International Organization for Standardization (ISO). Not only do our concerns encompass anti-corruption measures, but also issues such as pollution management, waste management, resource conservation, and respect for human rights. Suppliers are mandated to possess environmental, health, and safety management systems and relevant certifications.

We maintain partnerships with numerous NGOs, including the RBA, and participate in initiatives with organizations like the RMI, RLI, Better Mining Initiative, and The Mekong Club. Within our supply chain, we encourage initiatives that promote the use of renewable energy and recycling, as well as efforts to responsibly manage conflict minerals and cobalt procurement.

There is zero tolerance for child and forced labor within our company. Our rigorous standards on eradicating modern slavery and human trafficking are consistently enforced. More information on our partnerships can be found on p.115 of the Report.

RISKS	OPPORTUNITIES	RESPONSES
<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 EMS and other certifications that align with the principles of ISO
<ul style="list-style-type: none"> • Disruptions in the supply chain due to increasing climate-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 	<ul style="list-style-type: none"> • Work with suppliers to measure and reduce GHG emissions • Renewable energy and recycling initiatives within the supply chain

Numbers of Suppliers by Geographical Region



Supply Chain Governance: Social and Environmental Compliance and Auditing

TTI employs the SER Compliance Program and its auditing function to verify that the ESG practices of potential partners align with our policies and global standards. The SER program serves as a universal reference standard for compliance with the National Environmental Policy Act (NEPA) in the U.S. and associated federal laws, executive orders, regulations, and policies. Our SER Compliance Program encompasses periodic audits of internal controls designed to manage corruption. These audits are conducted either by our internal audit team or by external third-party auditors. They serve the purpose of ensuring that our robust processes are consistently followed and contribute to upholding the integrity of our organization. Before initiating any supplier engagement, we conduct an audit to assess whether the potential supplier meets the minimum threshold required to establish a working relationship with us. Subsequently, suppliers are subject to audits every 12 to 18 months to verify ongoing compliance.

The SER assessments cover a variety of subjects, including occupational health and safety, ethics and integrity, and environmental protection, with an emphasis on human rights. We've recently expanded our assessments to include the following topics:

- Supply chain responsibility
- Conflict of Interest
- Management & Owners
- Quality Management
- Energy Management
- Cyber Security
- Data Protection (GDPR)
- Conflict Minerals
- Business Continuity
- Carbon Footprint
- Cobalt & Mica

Suppliers are required to acknowledge our Policy Against Modern Slavery and Human Trafficking and are requested to complete a modern slavery survey before conducting business with us. This survey allows us to evaluate potential risks on an annual basis before establishing supplier relationships. 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.

In the event of non-compliance detection, we initiate a Corrective Action Plan (CAP) to address and rectify the issue. For those suppliers with active CAPs, we collaborate with them to implement corrective actions.

Suppliers with CAPs in place are subject to more frequent audits and additional training requirements. The supplier relationship is subject to termination if major compliance issues are not corrected to meet set standards. Our SER Compliance Program engages suppliers across various markets, encompassing audits conducted by either third-party auditors or our SER compliance, quality, and sourcing teams. In addition, certified auditors from organizations such as RBA and the Supplier Ethical Data Exchange (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 enables us to assess and monitor supplier performance and associated risks. Supplier risk assessments are typically performed annually, guided by resources such as the GRI Index, Corruption Index, the Human Development Index, and other global mapping tools. These resources are readily accessible to us through our various memberships and partnerships, including through the Mekong Club, RBA, and Better Mining. More information on our partnerships can be found on p.112.

Key Compliance Policies Accessible to Suppliers

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

● ENVIRONMENT	● SOCIAL AND COMMUNITY	● GOVERNANCE	
●			Business Partner Code of Conduct
●			Anti-Corruption Policy
	●		Policy Against Modern Slavery and Human Trafficking
	●	●	Conflict Minerals Policy
	●	●	Cobalt and Mica Procurement Policy
	●	●	SER Compliance Program

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** – waste and chemical management, pollution monitoring, hazardous substance management, including the prohibition and/or declaration of substances in products, compliance with ISO 14001 or other EMS requirements
- **Factory security** – regulations on health and safety, including fire safety, first aid, hygiene management, factory personnel protection, as well as, accident/injury and hazard control mechanisms

Focus on Human Rights: Along with SER audits, suppliers must respond to surveys about their compliance with our BPCoC and our Policy Against Modern Slavery and Human Trafficking.

Responsible Supply Chain Management

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



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 other ESG-related issues. Complaints are 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.

In October of 2022, an accusation was made against a supplier of certain gloves purchased by MILWAUKEE claiming that those gloves were manufactured in a Chinese prison utilizing forced labor.

As an initial matter, TTI is categorically opposed to the use of forced labor and would never use forced labor to drive its bottom line. We have strict policies and procedures in place to ensure that no authorized TTI products are manufactured by using forced labor. TTI only partners with suppliers that similarly commit to ethical labor practices throughout their supply chains, and who ensure that no forced labor is used. TTI has aggressively investigated these allegations and has found no evidence supporting the allegations of the use of forced labor. Multiple third-party audits, unannounced investigations, and thorough reviews of this supplier have been conducted both before and after the allegations were made and at no time was any evidence uncovered supporting the allegations.

It is noteworthy that as part of its extensive due diligence, MILWAUKEE uncovered counterfeit MILWAUKEE-branded gloves in China, online, in third-party marketplaces, and in police raids of counterfeit resellers.

As TTI works to continue to deliver world-class, innovative solutions that support the important work of tradesmen and women across the world, the company remains unfailingly committed to working with suppliers and partners who exhibit ethical labor practices and abide by our BPCoC.

Responsible Mineral Procurement

Enforcing responsible mineral procurement practices is crucial, given the significant presence of minerals in our products, electronic components, and batteries. To address this risk, we conduct supplier assessments, foster the adoption of best practices, incorporate risk analysis into our procurement process and actively engage in industry partnerships. More information is outlined in our Conflict Minerals Policy and Cobalt and Mica Procurement Policy. These policies stipulate that all tantalum, tin, tungsten, gold (3TG), and cobalt used must originate from reputable mines or sources actively working towards certification as conflict-free entities. Suppliers are required to acknowledge and adhere to these policies and submit annual conflict minerals and cobalt reporting templates, providing sourcing details. Utilizing our online SER compliance platform, we review this data and furnish reports to our sourcing leaders.

ZERO

complaints reported by our suppliers

Our commitment to responsible sourcing and the protection of human rights has significantly expanded through our memberships in global social responsibility organizations like RBA and The Mekong Club. Within RBA, we actively participate in various programs, such as the Responsible Labor Initiative (RLI), which fosters collaborative, cross-industry efforts to address the underlying causes of forced labor. The RLI also provides specialized services and tools to establish company-level due diligence programs.

Our memberships provide us access to essential resources like Reasonable Country of Origin (RCOI) data. This is verified through the Responsible Minerals Assurance Process (RMAP), which uses an independent third-party assessment of smelter/refiner management systems and sourcing practices to validate conformance with RMAP standard. Our industry memberships in groups like the 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.

Better Mining

TTI is proud to support the Better Mining Initiative in 2023, a program aimed at enhancing sustainable practices in ASM sites in the Democratic Republic of Congo (DRC) and Rwanda. Through our collaborative efforts with Better Mining, we have made significant progress in improving the socio-economic conditions of mining communities and promoting responsible mining practices.

One of our key contributions was providing US\$40,000 worth of funding for the program. This funding enabled Better Mining to carry out in-depth risk assessments for cobalt-copper producing ASM sites in the Haut-Katanga and Lualaba provinces of the DRC. The risk assessments helped identify and monitor concerns, resulting in the development and implementation of more than 1,400 Corrective Action Plans, with a remarkable 74% of them already implemented or in progress.

Additionally, our support allowed Better Mining to establish and maintain active working relationships with nine cooperatives, ensuring close engagement with each mine site. With teams on the ground daily, Better Mining collected valuable data on incidents and

risks, paving the way for targeted interventions and risk mitigation measures. One notable achievement of the program was the significant reduction of incidents related to the mismanagement of used mineral bags at one site in Kolwezi in the DRC. Through the implementation of a new waste management system, Better Mining improved environmental practices and empowered women in the community by creating economic opportunities through recycling.

In 2023, Better Mining focused on pushing more mature cooperatives to enhance the registration of artisanal miners, a crucial step towards increased formalization of ASM mining. The dry season's effects on mining activities were also closely monitored leading to the implementation of mitigation measures such as watering the roads, providing personal protective equipment for workers, and engaging local communities to manage climate-related effects.

Furthermore, our joint efforts with Better Mining led to significant progress in the acceptance of ASM cobalt and mica traceability in the DRC. Through constructive discussions with high-level government representatives during the DRC Mining week in June, we aligned expectations and paved the way for a traceability pilot to be conducted in 2024. This pilot project is a crucial step towards achieving greater transparency and formalization of the ASM sector in the DRC.

Looking ahead, TTI remains committed to our partnership with Better Mining. We are excited to continue this journey together, contributing to the advancement of responsible mining practices and making a positive impact on local communities in the mining regions of the DRC and Rwanda.

▶ KEY INITIATIVES AND UPDATES

- In 2023, 1907 suppliers were surveyed on conflict minerals, cobalt and mica
- Conflict minerals campaigns
 - » Of the 355 smelters identified, 15.5% indicated sourcing from the DRC and 90.9% were conflict-free certified or actively working towards a certification
 - » As for potential high-risk concerns, there were 7 3TG smelters potentially sourcing from the DRC that were not certified as conflict free with 2 working towards a certification in our Conflict Minerals Campaigns
- Cobalt and mica procurement campaigns
 - » There are 5 smelters potentially sourcing from the DRC that are not certified as conflict free with 1 working towards a certification
 - » 9 Cobalt and Mica smelters in our separately run Cobalt and Mica Procurement Campaign indicated sourcing from the DRC, 5 of those smelters were certified conflict-free or actively working towards a certification
 - » 56.8% of the smelters identified in the Cobalt and Mica Campaign were either certified or actively working towards certification
- In total, we worked with 1,916 direct suppliers
- During the reporting period, 625 supplier audits were conducted and as a result, 624 suppliers were put on Corrective Action Plans (CAPs) to hold suppliers to a higher standard and push them towards maintaining social and environmental systems

