

MATERIAL TOPIC

Sustainable Products

As leaders in the cordless revolution, we remain dedicated to the development of sustainable products that are superior in power, energy efficiency, and safety.



GOALS AND TARGETS

- Promote circular business models by increasing service, repair, maintenance, refurbishment, and recycling services
- Increase investment in clean technologies
- Develop innovative products that improve living and working environments

PROGRESS

- Developing an internal Life Cycle Assessment (LCA) process
- Increasing recycling efforts

VALUE CHAIN

- Suppliers
- Operations
- Customers
- Community

RISKS

OPPORTUNITIES

RESPONSES

- Risk of not making true progress in managing environmental impacts of products and not identifying best areas for application of sustainable design

- Conduct product carbon footprint assessments
- Building models/case studies to identify best levers to deliver optimum positive impact
- Strengthening existing circular economy initiatives and exploring opportunities for additional circular value chains

- Providing training and guidance on the principles of sustainability for internal associates
- Service centers and recycling partnerships
- Introduced the RYOBI Rapid Repair Program

- Risk of not meeting market demand for sustainable products and packaging

- Conduct research to better understand and prepare for market demand of sustainable products and packaging
- Research and development of new technologies, recyclable and ecofriendly materials, and responsibly designed products
- Sharing relevant information with partners and retailers to align strategy

- Investment in clean technology products
- Development of products that utilize less energy and resources, produce less waste, emissions, and noise while in use

- Risk of unsafe products impacting users and potential consequences, such as litigation, fines from product claims or recalls, reputational damage, and commercial risk
- Risk of non-compliance with environmental regulations

- Enhance responsible sourcing for the whole supply chain

- Product safety policies and committees
- Partnerships for responsible sourcing
- Conducting supplier due diligence



How We Are Managing It

TTI is deeply committed to the advancement of environmentally responsible products, considering them not only a priority but also the driving force at the core of our business. Internally, we provide training and guidance on the principles of sustainability to our associates and enforce stringent product safety policies. We have dedicated teams responsible for regulating product safety, development, and innovation. This ensures that our products not only meet the highest safety standards, but also further our sustainability goals.

We also invest significantly in the development of our clean technology products. We define clean tech as any process, product, or service that reduces negative environmental impacts through significant energy efficiency improvements, sustainable use of resources, or environmental protection activities.

Our products are designed to utilize fewer resources, consume less energy, and produce minimal waste, emissions, and noise during operation. This approach aligns with our goal of reducing our environmental footprint while delivering superior performance.

We have continued our efforts to expand service centers and recycling partnerships. Collaborations with organizations like Envirostream and Call2Recycle enable us to responsibly manage product disposal and recycling, reducing the environmental impact.

Sustainable Success Through Our Partners

TTI is at the forefront of the movement towards cordless battery-powered solutions. Our products deliver the desired power and performance for our customers using cordless technology. Many of our cordless battery-powered solutions are offered at The Home Depot, one of our main retail partners that serve a vital role in our distribution network in the U.S.

The Home Depot recently made a commitment to transition 85% of its outdoor lawn equipment category to battery-operated alternatives by 2028. As a key supplier of lawn care equipment to The Home Depot, we are committed to assisting them in their sustainability efforts.

Research and Innovation

TTI is committed to developing cordless product solutions that have a positive impact on the environment. We have continuously been able to Discover, Define, Design, and Deliver outstanding innovative solutions for our customer base through our investment in Research and Development (R&D). Our design and engineering process is centered on key elements such as reliability, durability, repairability, refurbishing, and recycling to ensure that our products are sustainable and responsibly managed.

Our designers and engineers utilize our Sustainable Design Guide to create products that meet environmental, health, and safety standards, as well as adhere to circularity principles. This guide utilizes results from our lifecycle assessment and GHG footprint analysis that was conducted on our key product categories. Our R&D team is also developing an energy efficiency calculator to measure and improve the energy output of our products.

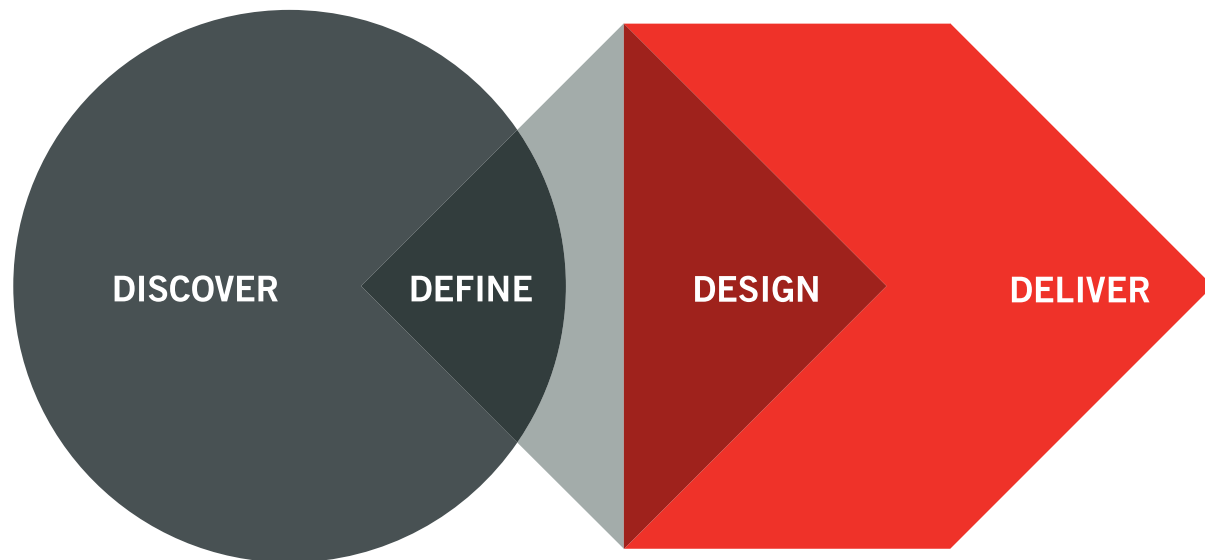
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on Research and Development

Our R&D projects target user experience, enhance manufacturing safety, reduce emissions, improve resource efficiency, and promote circularity in our product solutions whenever possible.

We have been working towards incorporating more sustainable practices in our business operations through R&D. In 2023, we created product sustainability guidelines, which is currently undergoing user testing tests. Once implemented, they will enable our associates to make informed decisions about raw material selection, resource usage, and substance avoidance during the concept and manufacturing phases.

Product Development Framework (4Ds)



The majority of our R&D is targeted towards product development, especially towards the development of our cordless battery platforms. Our battery platforms are designed to be both backward and forward compatible, allowing users to operate any of our products or batteries within the same platform, regardless of when they were created.

We continuously improve our battery packs to enhance their performance and efficiency over time, with each subsequent generation offering better features than the last.

Our focus is always on the end user, and our efforts are geared towards improving jobsite productivity and safety, while also reducing noise pollution and emissions while in use.

RYOBI outdoor power equipment team named **2023 Home Depot D28i Supplier Partner of the Year**

MILWAUKEE named **2023 Home Depot Tools Partner of the Year** and **Plumbing Partner of the Year**

MILWAUKEE was named **winner of 70+ categories for the 2023 Pro Tool Innovation Awards**

Product Design Principles (3Ps)



RESPONSIBLE MATERIAL USAGE

- Safety

- Resource, Material and Chemical Management



EFFICIENCY & DURABILITY

- Manufacturing and Product Use

- Distribution



CIRCULAR ECONOMY

- Life Cycle Extension

- Repairability

- Material Recovery



Sustainable Product Solutions

BRUSHLESS MOTORS

Brushless motors are known for their higher efficiency compared to brushed motors, which experience reduced mechanical energy loss from friction. As a result, tools equipped with brushless motors tend to have longer lifespans. Additionally, these motors facilitate advanced features that enable them to produce more power using smaller sizes. This means that tools using brushless motors are lighter and have longer run times, due to their more efficient energy usage.

ARTIFICIAL INTELLIGENCE

The integration of Artificial Intelligence (AI) improves our users' ability to deliver quality work with our products. Our MILWAUKEE M18 FUEL Controlled Torque Compact Impact Wrench with ONE-KEY stands as a prime example. With AI sensor technology and Machine Learning, this impact wrench controls bolt installation by memorizing and learning from past usage. By precisely determining optimal bolt tightness, our users can consistently deliver quality work by getting the job done right the first time.

LED

Our LED lights are revolutionizing the lighting industry with their exceptional performance in various settings. These lights generate brighter and more energy-efficient illumination than traditional incandescent bulbs. With a range of features that cater to the needs of both professionals and DIY enthusiasts, these LED lights are the ideal solution for anyone looking for reliable, durable, and powerful lighting.



RYOBI **WHISPER**
SERIES

RYOBI WHISPER SERIES advantage vs. Gas Products: A difference you can hear.

NO EMISSIONS*

40V HP Brushless WHISPER SERIES 730 CFM Blower

* While in use

86%

Up to 86% quieter than gas

57 dB

Noise Rating

730 CFM

Air Volume

NOISE REDUCTION

Through our RYOBI WHISPER SERIES and HOOVER HUSHTONE line of products, we have been able to provide solutions that are less noisy without compromising product effectiveness.

The RYOBI WHISPER SERIES is the industry's quietest range of products. Engineered with noise-reducing technology, these products provide excellent performance and remarkable power while operating over 60% quieter than comparable petrol products with the same amount of power. In 2023, we expanded the WHISPER SERIES family by 4 products and will continue to add more solutions in 2024.

HOOVER HUSHTONE technology is a revolutionary feature in our vacuum cleaners that significantly reduces noise levels while maintaining powerful suction.





Product Quality and Safety

TTI's Product Safety Directors, committees, and teams across all business units (BUs) are responsible for maintaining safety standards, quality, and compliance. We consistently aim to enhance our procedures for each of the products that we design, produce, distribute, or license. Our customers' satisfaction is of the utmost importance, which is why we strive to provide an exceptional experience by continuously improving our safety measures. Some of the initiatives we've taken on improving safety include:

- Replacing gas engine solutions with MILWAUKEE MX FUEL products so they can be used safely in confined spaces without the risk of harmful carbon monoxide emissions.
- Launched a line of tool lanyards to prevent tools from falling on co-workers or others when stored in elevated locations.
- Using our technology to reduce noise pollution and prevent customers from breathing in harmful emissions from products.
- Extending our line of safety equipment products such as hard hats, helmets, masks, glasses, and gloves.

TTI has established Product Safety and Consumer Product Regulatory Compliance Policies that lay out our safety measures. Our Product Safety Committees enforce strict compliance monitoring and audit investigations based on these policies. These committees convene on a monthly basis to identify and evaluate:

- Customer complaints and online reviews that could lead to potential compliance or safety issues.
- Potential compliance or safety-related findings from analyzing returned products.
- Warranty data that could be associated with potential safety risks.

We have established quality control mechanisms that cover the inspection, testing, and reliability assessment of incoming materials, products during the manufacturing stage, and outgoing products. Both prior to and following the product's release, we conduct comprehensive safety hazard assessments. In the event that corrective action is necessary, we have product recall policies and protocols in place for swift action to be taken. In pursuit of these goals, we maintain partnerships with government regulators, product safety standard developers, trade associations, and consumer groups. Our legal teams and safety and regulatory departments oversee product recalls, ensuring strict compliance with all applicable laws until the products are safely handled and disposed of.

Our safety reviews span our entire design and development process, and encompass the following:

- Initial safety review based on the results of our Design Failure Mode and Effect Analysis (DFMEA) and a review of tool construction will be conducted before the product release.
- Formal safety review based on the requirements of International Organization of Standardization (ISO) 12100: 2010 for the hazard review and risk assessment. This is a systematic review of all potential hazards during the life cycle of a product, identifying how risk can be minimized.
- Final safety review that verifies the necessary implementation of corrective and preventive actions before products are released for mass production.

TTI complies with all relevant industry standards and regulatory requirements for our products worldwide. Appendix A of the

HKEX ESG Reporting Guide Content Index provides a list of regulatory requirements concerning health and safety, advertising, labeling, and privacy matters for products that may significantly impact our operations and performance. We actively monitor social media and online sales channels for customer feedback, recording and analyzing comments and complaints. We address these requests, whether they relate to design improvements or more in-depth technical training for end-users. In 2023, there were no material product or service related complaints that warranted any further action other than the recalls listed below. Our product warranty policy further ensures customer satisfaction with a positive post-purchase experience. Our product safety measures also include pollution management for manufacturing and reducing exposure to harmful emissions and noise for end-users.

PRODUCT SAFETY MANAGEMENT

- In 2023, we initiated two recalls. The first recall was for approximately 668 units of an AEG 58V battery sold in Australia and the second was for approximately 6,200 units of an ORECK upright vacuum. We conducted comprehensive investigations into the primary cause of each matter and took swift corrective action to restore trust in our brands and safeguard consumer well-being. No other products were affected.

- There were no violations of labeling or advertising regulations reported in 2023. As part of our product safety and quality initiatives in this period, we strived to:
 - » Ensure phone, web and retail level inquiries from customers were well managed and customer service lines for all brands were staffed accordingly.
 - » Provide technical training at product information centers for customers, including dealers and OEM partners.
 - » Offer customers product safety training conducted by sales and Jobsite Solution teams.
 - » Train Field Service and Customer Service Representatives on building customer relationships.
 - » Provide repair and warranty services to customers at product service centers.
 - » Expand our line of personal protective equipment (PPE) to keep people safe on job sites.
 - » Ensure global alignment and collaboration of our safety teams.





Circular Economy Model

TTI places a high value on durability in our product designs and how it impacts our value chain. We look to incorporate circularity models into our business. A circular economy is a systematic economic model designed to restore and regenerate used products through R&D, raw material sourcing, manufacturing, distribution, retail, use, and end-of-life.

REPAIRING

We have repair and servicing centers established across all markets in our value chain, extending the usage of our products without compromising on quality. In the process, we harvest parts from previously owned tools and use those components for repairing and servicing products when possible.

REFURBISHING

Our refurbishing process helps to increase the lifespan of our products, thereby reducing waste and our environmental impact. A number of the renewed items are offered for sale with a one-year warranty through our 40 Direct Tool Factory Outlet (DTFO) stores in North America.

To ensure consumers receive high-quality refurbished products, every component, from batteries to chargers, undergoes a thorough inspection. After passing inspection, our skilled technicians use factory-supplied components and refurbished replacement parts to complete repairs. In addition, rigorous testing is conducted to ensure that all standards are met.

782

Recycled lithium-ion batteries (tonnes)

40

Total DTFO Stores

2

New DTFO stores opened in 2023

300,000+

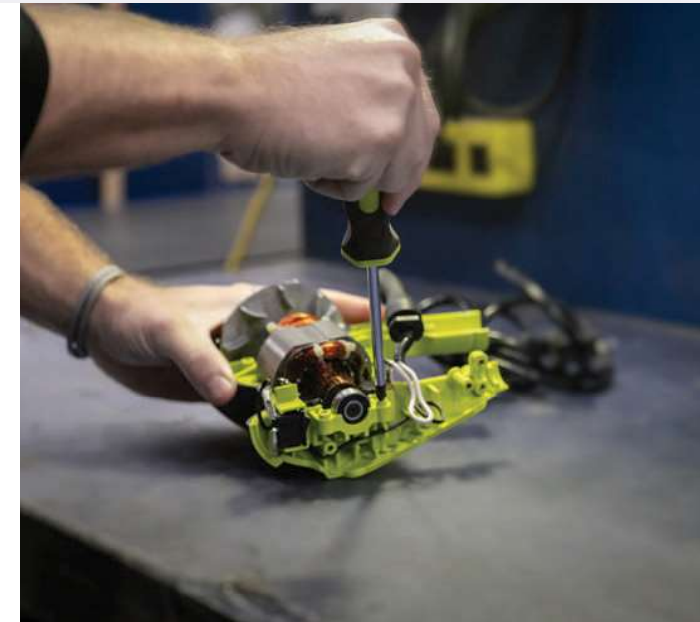
Tools Refurbished Annually for DTFO stores

RYOBI Rapid Repair

In 2023, we launched our 10,000-square-foot RYOBI Rapid Repair center in South Carolina. This new RYOBI Rapid Repair program represents a transformative in-house repair system for our RYOBI tools. We serviced 2,778 tools with RYOBI Rapid Repair since its opening.

The process starts with customers registering their tools and creating a service request online. Next, they receive shipping labels via email. They then drop off their tools, which are dispatched to our facility for repair. Once received, our skilled technicians repair the tools and send them back out to customers.

This internally managed repair program provides customers with real-time status updates including label creation, system scanning, tech evaluation, and repair completion. RYOBI Rapid Repair offers a 14-business-day turnaround time, enhanced transparency for quality control, and opportunities for refining our customer service. The launch of this program has been revolutionary for our RYOBI end-users creating a seamless process for product repairs while simultaneously enhancing our circular economy model.



MILWAUKEE E-Service

MILWAUKEE eService is a cutting-edge digital platform designed to streamline the tool repair process, providing a 24/7 solution for quick and convenient service. Customers gain access to service with fast turn times through free FedEx shipping to MILWAUKEE repair facilities. The functionality of the eService platform is straightforward and user-friendly. After creating an account, customers log in and input relevant product and user details. Once validated, a shipping label is generated, enabling customers to package and drop off their tools hassle-free at one of over 8,000 authorized FedEx shipping centers nationwide. MILWAUKEE's factory trained technicians repair products with genuine MILWAUKEE parts and ship them back to the desired location within 7-10 business days. Launched in 2009, the MILWAUKEE eService ensures prompt repairs, whether products are under warranty or not.

Emphasizing sustainability, this platform empowers customers to extend the lifespan of their products, minimizing the need for premature tool disposal.



Battery Recycling

TTI has been actively implementing recycling initiatives since 1994 to retain the material value of lithium-ion batteries at their end of life. Doing so reduces the extraction and consumption of raw materials in our supply chain. Our recycling process follows all legal requirements and meets environmental, health, and safety standards. Moreover, we have partnered with reputable battery recycling organizations like Call2Recycle in North America, Envirostream in Australia and New Zealand (ANZ), and GRS Batterien in Europe to support our recycling efforts.

The recycling process involves first breaking down battery packs into their various components and chemistries. The cylindrical metal components are reused in steel and stainless-steel products, while lithium-ion, cobalt, and other materials are utilized in manufacturing new battery chemistries.

CALL2RECYCLE

TTI has been collaborating with Call2Recycle for more than two decades to establish an impressive network of over 16,000 collection sites across North America, ranging from local household hazardous waste sites to national retailers. These designated collection points enable consumers to drop off their batteries for recycling. In collaboration with Call2Recycle, we have implemented several recycling programs. These initiatives include issuing battery safety and recycling guides, providing a video on safe battery disposal, creating infographics that illustrate the positive impact of battery recycling over the years, and developing an 'at-home' recycling kit for online battery purchases through retailers. Our 2023 partnership resulted in the collection and recycling of over 415 tonnes of batteries. We remained a steward in good standing with Call2Recycle for our RYOBI, MILWAUKEE, RIDGID, HART, DIRT DEVIL, HOOVER, and ORECK brands. TTI pays stewardship fees to Call2Recycle based on North American battery and battery product sales.

MILWAUKEE has been recognized as one of the top 100 leaders in sustainability for its outstanding contribution to the Call2Recycle battery collection and recycling program. Our MILWAUKEE BU diverted over 145 tonnes of batteries through this initiative in 2023, nearly a 27% increase from the prior year. Moreover, they provided an efficient 'at-home' battery recycling solution by sending 1,398 recycling kits directly to customers. These battery recycling efforts are a crucial part of MILWAUKEE's circularity program.



95%

of materials are recyclable in lithium-ion rechargeable battery cells



In ANZ, MILWAUKEE's partnership with local recycling partner, Envirostream, continues to boost the company's sustainability initiative, FUTURE FORWARD. This initiative goes beyond typical battery recycling efforts by including a targeted campaign that leverages our MILWAUKEE brand and promotes responsible practices as a core value.

Envirostream has taken a proactive step towards safeguarding the environment by establishing a responsibly managed lithium-ion battery recycling facility in Australia.

Through our MILWAUKEE ANZ partnership, we were able to send 45 tonnes of batteries to Envirostream in 2023 for recycling use. Looking ahead, the FUTURE FORWARD team plans to customize the marketing and communications strategy to target various different market segments. The ultimate objective of the campaign is to fully integrate FUTURE FORWARD into our MILWAUKEE brand and establish battery recycling as a core value proposition for our users.

MILWAUKEE recognized as Top 100 Leader in Sustainability for Battery Recycling Efforts

