

Environment

Protecting our planet for the long-term sustainability of our business and communities is critical. At TTI, we recognize the responsibility we have to positively impact our communities and we are committed to do our part to improve environmental performance within our operations, along our value chain, through our products and for the community. Our approach to environmental sustainability is closely tied to our drive for innovation, conservation of resources, reduction of waste, energy efficiency and renewable energy technology. These are fundamental as we move toward setting environmental targets. Our commitment to help protect the planet and tackle climate change remains foundational to the strategic drivers – Powerful Brands, Innovative Products and Operational Excellence – that guide our business.





14% and 20%

decrease in AIP consumption and intensity per production value US\$ million of natural gas

14%

reduction in GHG emission carbon dioxide equivalent (Scope 1, 2 and 3) intensity per production value US\$ million globally

Environmental Management

In 2020, our environmental management strategy has continued to focus on developing climate resilience, managing our footprint responsibly and creating products that further circularity in our operations. We have established goals and initiatives to address the impacts associated with each of our material topics of climate change, water, resources, chemicals and waste, sustainable products and biodiversity.

TTI's ESG Executive Committee is responsible for setting our environmental management strategy, with oversight provided by the Board. The Committee also ensures sufficient resources are allocated for strategy implementation across our global business units. Progress in achieving our goals is monitored and evaluated, with actions for improvement identified where needed. The success of our strategy is based on ensuring that our goals are well understood and key initiatives are implemented across our markets. Our ESG Working Committee and global Environment, Health and Safety (EHS) teams, are responsible for coordinating environmental management efforts and leading the development and implementation of awareness-raising and training programs internally.

All our manufacturing sites have comprehensive Environmental Management Systems (EMS) in place. In 2020, TTI AIP, our primary manufacturing site, along with TTI ELC, our largest warehouse and distribution center and TTI GMBH, respectively, in EMEA were all EMS certified and remained compliant with International Organization for Standardization (ISO) 14001 EMS and 9001 quality standards. Our environmental management policies encourage employees to champion sustainable practices across offices and manufacturing sites. Employees receive training so they are able to play an active part in improving our environmental performance. Training on EMS and EHS is delivered through both e-learning platforms and in-person sessions.

All of our operations and business partners are required to meet regulatory requirements, ensuring TTI's performance is in line with the environmental expectations of our stakeholders. For a full list of legal and regulatory requirements that have the potential to have a significant impact on our operations and performance, please refer to Appendix A of our HKEX ESG Guide Content Index on our website. We have comprehensive grievance mechanisms in place, which are available to all stakeholders who wish to raise issues, concerns or complaints. More details can be found in the Ethics and Governance section of this Report.

With the aim of increasing transparency and accountability, a large part of our effort is focused on measuring environmental performance across our markets using ESG data collection and analysis software. Detailed metrics for GHG emissions, energy, water and packaging consumption and hazardous and non-hazardous waste, can be found in the Performance Metrics of this Report.

In 2020, we continued to enhance our environmental management strategy across the company with the following priorities:



TTI has implemented a number of circularity initiatives as follows. Details are included throughout the Environment section of this Report:

- Promoting battery recycling through global partnerships
- Assessing product components for possible reuse in the value chain
- Adjusting attributes such as the weight and shape of parts and choice of materials through our value engineering programs
- Undertaking R&D projects to increase adoption of recyclable materials
- Repairing and refurbishing to extend product lifecycles

Climate Change

Why it's Important

In 2020, the top five global risks in terms of likelihood published by the World Economic Forum were all related to climate and environmental issues. The planet has limited resources and global warming has irreversible impacts. Climate resilience and a reduction of greenhouse gas emissions is paramount for the long-term health of our business, suppliers, partners, communities and the planet.

Impact along the Value Chain



Goals

We strive to work with global partners to strengthen our capacity to mitigate climate change and climate-related impacts.



▶ Reduce energy consumption and GHG emissions

▶ Develop strategy for climate resilience

▶ Adopt renewable energy

KPIs

- Energy consumption, intensity and GHG emissions data
- Renewable energy procurement and initiatives across the value chain
- # of fuel efficient and electric vehicles
- # of people trained on climate impact
- # of cases of environmental non-compliance
- # of partnerships and accomplishments

Management Approach

Climate change is one of the most crucial challenges facing society today. TTI is in the process of thoroughly assessing our climate risk, sharing information and strategizing how we can reduce our environmental impact. We are building climate resilience along the value chain and focusing on reducing GHG emissions and consuming energy efficiently with the aim of transitioning to renewable sources. While we plan to announce science-based targets for GHG emission reduction in our next report, we took steps in 2020 to diversify our manufacturing and supply chains to manage climate risk, including extreme weather events over the long term. Our diversification strategy manages risk by cultivating close relationships with our business partners to maintain high environmental and safety standards across our value chain. It also enables us to reduce the transportation journey of goods and to integrate sustainability features into new facilities.

Energy and Emissions

Reducing air and GHG emissions is fundamental to addressing our contribution to climate change. The main sources of these emissions arise from our manufacturing processes, office energy consumption, transportation and the supply chain. Air emissions include carbon dioxide (CO₂), methane (CH₄),

nitrous oxide (N₂O), sulphur oxide (SO_x) and fine particulate matter (PM) emitted from cars, trucks and other small machinery, and from combustion processes to generate electricity for manufacturing, lighting, building management systems, heating and cooling, fluorinated gases, such as R-404a, are also consumed as refrigerants.

We continue to expand our disclosure of GHG emissions as we strive to track metrics across all markets. Our Scope 1, 2 and part of 3 emission data is included in our Performance Metrics for those business units where data is available. Scope 1 emissions arise from onsite sources identified above and Scope 2 indirectly from purchased electricity. Part of Scope 3 emissions arise from business travel and other forms of transportation, as well as our consumption of water and generation of waste. We are setting a carbon reduction target and roadmap for TTI's Scope 1 and 2 emissions based on analysis of energy efficiency and renewable energy technology and procurement opportunities. We are also mapping Scope 3 emissions along our value chain and identifying opportunities for the business to engage in GHG emission reduction initiatives beyond our direct operations.

Management Approach

Managing our energy footprint is a substantive challenge. Our priorities are to adopt renewable sources of energy and manage energy efficiently as increased production levels require higher levels of consumption. As such, our approach continues to include timely maintenance of air-conditioning, heating, ventilation and building management systems to ensure efficient consumption and healthy indoor air quality. We also adopt efficient LED lighting and adjust lighting

levels based on occupancy and availability of natural light. TTI is working toward adopting further renewable sources of energy across some of our key manufacturing operations. At new sites, such as our factory in Vietnam, we are introducing environmental requirements in the design and construction of buildings, as well as systems and equipment, taking into consideration measures on energy efficiency, renewable energy procurement and water conservation.

Key Initiatives

Our business units took the following measures to decrease GHG emissions and improve energy efficiency in 2020:

- Transitioning to electric vehicles at some of our sites in Australia, New Zealand and EMEA
- Incorporating environmental features into new and existing buildings
- Conducting external energy audits to monitor progress
- Installing LED lights and light sensors in meeting rooms and offices

- Turning down heating, ventilation and air conditioning (HVAC) when not in use, resealing windows and updating equipment for energy and noise reduction
- Using a low carbon electricity supply such as nuclear, solar PV, wind and hydropower
- Replacing equipment with energy-efficient smart boilers that have variable speed pumps. One operation in EMEA uses around 11% less gas to heat premises as a result
- Utilizing rail instead of petrol-fueled trucks to move goods across borders and avoiding airfreight when possible

Progress in 2020

A lockdown of non-essential services in many of our markets around the globe resulted in a portion of office-based employees transitioning to remote working environments in 2020. This resulted in a 14% reduction in GHG emission carbon dioxide equivalent tCO₂e (Scope 1, 2 and 3) intensity per production value US\$ million globally.

Air and GHG Emissions

In 2020, TTI did not have any incidents of non-compliance with emission regulations. Our total GHG emissions in 2020 amounted to 220,379 tonnes of carbon dioxide equivalent (tCO₂e), an increase of 22% in absolute emissions and a decrease of 14% based on production value US\$ million over 2019. As part of our upstream and downstream assessment within our value chain, TTI is working to set and disclose science-based targets for reducing our Scope 1, 2 and 3 GHG emissions by 2030.

TTI AIP GHG Emissions In Depth

In 2020, TTI AIP's total GHG emissions (Scope 1, 2 and 3) decreased by 3% intensity per production value US\$ million. AIP's GHG Scope 1 emissions intensity decreased by 13% per production value US\$ million due to our Continuous Improvement Program (CIP) which is designed to reduce energy consumption in our operations despite an increase in production of 7%. TTI AIP's Scope 2 emissions intensity decreased by

2% per production value and Scope 3 emissions intensity decreased by 2% per production value.

Energy

TTI's total electricity consumption in 2020 amounted to 228,126,948 kWh. This was 12% higher than 2019 figures due to higher levels of production to meet demand.

Consumption figures by region are included in the Performance Metrics.

TTI AIP Energy In Depth

At TTI AIP, manufacturing output increased by approximately 7% between 2019 and 2020. As a result, overall electricity consumption increased by approximately 6% in 2020 over the previous year, however, intensity decreased by 1%. The consumption and intensity per production value US\$ million of natural gas also decreased by over 14% and 20% respectively compared to 2019 due to our CIP.

Our global locations consist of leased and owned properties where a number of them have been certified in Leadership in Energy and Environmental Design (LEED). At our Hong Kong headquarters, the site received the LEED certificate from the US Green Building Council in 2020. Looking forward, we aim to achieve a LEED certification for our new factory site in Vietnam.

Progress in 2020

New Sites

An increasingly important practice when it comes to managing risk is the diversification of our manufacturing base across the globe. This involves developing closer ties to new markets by working with local suppliers. TTI is expanding new sites in Vietnam, Mexico and the United States. Details of our operations in these markets in 2020 and going forward are as follows.

Ho Chi Minh City, Vietnam. In June 2020 we announced an investment of US\$650 million to build a plant and also establish a new innovation center in Ho Chi Minh City. The plant and the R&D center will be LEED certified by the US Green Building Council and will enable us to tap into increased renewable energy sources to meet our energy needs, increasing the global percentage of energy procured from renewable sources.

Torreón, Mexico. Our new facility in Mexico covers an area of 70,606 square meters and employed 1,785 people as of December 2020.

United States

Anderson County, South Carolina. Our new manufacturing plant and warehouse in Anderson County will cover an area of over 92,903 square meters. The new facility will support production and assembly operations and include a reconditioning plant. This US\$100 million investment will create 525 new jobs over the next several years.

Greenwood, Indiana. Our 13,935 square meter facility is scheduled to open in Spring 2021 as a service hub, which will house a tool repair and warehousing space. Our MILWAUKEE brand's investment in this facility, which will employ more than 450 people, is US\$6.75 million.

West Bend, Wisconsin. In 2020, plans were announced to build a new hand tool manufacturing plant in West Bend.

Greer, South Carolina. A new distribution center for TTIFC is expected to be operational by March 2021 and completed in the latter half of 2021. This investment will create 134 new jobs.

Through diversification we aim to maintain high standards across our supply chain and reduce our environmental impact by, for example, minimizing the transportation of goods and prioritizing key elements of environmental design when planning our new buildings. Furthermore, as we become deeply entrenched in these markets, we are able to have a positive impact on the living conditions, educational prospects and the economic development of local communities. For example, in Vietnam TTI is already working with local universities to recruit potential talent for our R&D center.

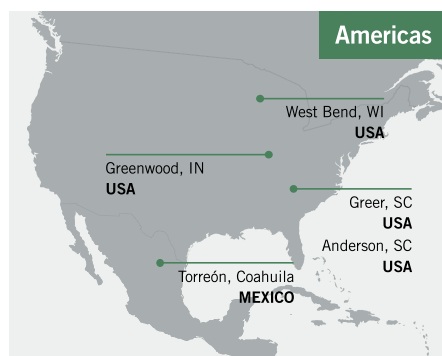
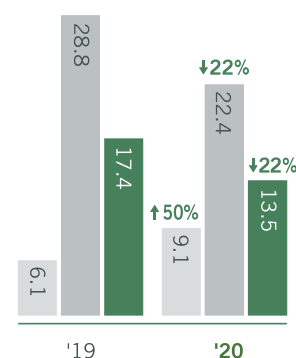
A reduction in GHG emission intensity carbon dioxide equivalent tCO₂e (Scope 1, 2 and 3) of

-14%
per production value
US\$ million globally

TTI's AIP GHG Scope 1, 2 and 3 emissions intensity per production value US\$ million decreased by

-3%

TTI Group Emissions
Intensity per production
value US\$ million



Water

Why it's Important

Water quality and security is essential to TTI's manufacturing, operations and the health of our people and communities. Proper management of this resource is imperative for our shared future.

Impact along the Value Chain



Goals

We aim to increase water use efficiency and ensure the proper management of wastewater.



▶ Reduce water consumption at TTI's operations

▶ Increase the use of recycled water

KPIs

- Water consumption data across all operations

- Water conservation metrics

Management Approach

Recognizing that water is a scarce, shared global resource, TTI is committed to its responsible consumption. An important step in our overall water management strategy is understanding which areas are most affected by water scarcity. Accordingly, we aim to reduce absolute water withdrawal at the sites where water scarcity is a risk. Efficient usage of water and the proper management of wastewater discharge remain our main focus. We continue to improve our approach to water management by implementing conservation initiatives and monitoring usage and potential leakage. All our water needs are adequately met by local, municipal sources, and we stringently comply with relevant regulations pertaining to water withdrawal and wastewater discharge.

The breakdown of TTI's water consumption by type is shown on the right side of this page. Sources of the water consumed by

region are also shown in the Performance Metrics table on page 132.

Our water conservation efforts and goals are set at the group level and are implemented through water saving plans. Measures include using recycled water for flushing, collecting rainwater for gardening and cleaning outdoor areas, carrying out regular inspections to check for hidden water leakage along buried water pipe networks and installing motion sensors and timercontrolled taps on washbasins. We also do extensive work in providing access to safe water resources while providing sanitation training in the communities where we operate. These community efforts are especially important given the heightened need for clean water and proper hygiene to manage the COVID-19 pandemic. More details on these programs can be found in the Community Investment and Engagement sections of this Report.

Key Initiatives

Examples of water conservation and sanitation initiatives include:

- Using treated greywater to flush toilets
- Collecting rainwater for reuse

- Inspecting ground dampness along water supply pipe networks and performing ultrasound detection tests annually to monitor deep water leakage

Progress in 2020

In 2020, there were no incidents of non-compliance with water management regulations across our operations. TTI's total water consumption amounted to 617,183 m³. The 10% increase in consumption when compared to the previous year was due to higher levels of production in our manufacturing facilities. Total wastewater produced also went up by 10% representing a 9% increase in the discharge of treated effluent, with a 12% increase in the consumption of recycled water, when compared to 2019. TTI Group's water consumption intensity (m³ per production value) decreased by 23%.

TTI AIP Water In Depth

TTI AIP's water consumption rate was 430,889 m³, this was a 17% decrease in usage and a 22% decrease in intensity compared to 2019. TTI AIP continued to implement its wastewater recycling initiatives, which reduce consumption of fresh water and wastewater discharge to the municipal sewage system. A total of 219,017 m³ of water was reused through this system in 2020, representing a 12% increase in the recycling of water.

Water Withdrawal vs. Wastewater (m³)

1,327,701
Withdrawal

710,518 **219,017**
Discharged Recycled

Resources, Chemicals and Waste

Why it's Important

Reusing and recycling materials, managing chemicals and disposing of waste in a responsible and safe manner ensures the safety of colleagues, business partners and communities, and reduces adverse impacts on the environment.

Impact along the Value Chain



Goals

We aim to achieve responsible consumption and production through proper material management.



▶ Reduce resources consumption and waste

▶ Reduce usage and safely manage chemicals

▶ Reduce packaging and increase adoption of reduced impact packaging and packing

▶ Increase the volume of battery and tool collection at end of life and recycling

KPIs

- Adopt circular economic models
- Packaging use (volume/impact)
- Paper use (volume/impact)
- Volume of battery and tool recycling

- Volume of refurbished tools being sold to end users
- # of service and repair centers globally
- # of training events on waste management programs
- # of cases of environmental non-compliance

Management Approach

The proper management of resources, chemical substances and waste is another key focus of our environmental strategy. Our efforts aim to reduce consumption, produce defect-free products, recover and reuse materials, products and components where possible and ensure that unavoidable waste is safely disposed of. We consistently invest in R&D projects, new materials, technology and equipment to achieve these objectives.

Waste

We continue to monitor the types of waste generated by our business units to identify opportunities to improve our management of materials. Building management facilities across our markets provide recycling and proper disposal options for hazardous and non-hazardous waste. In addition, we always ensure that hazardous waste is picked up by licensed professionals, for safe disposal. Our waste management policies apply to all our operations globally. At each site, employees are trained on the appropriate handling of waste and members of our EHS teams ensure that resources are provided to comply with these policies and any new regulations. For example, in 2020, 750 employees in China received training on EHS and hazardous waste regulations and compliance requirements following the introduction of new PRC laws on hazardous waste. We also conduct regular waste management audits internally and over the years have appointed independent auditors to review our waste management processes.

In 2020, we initiated a review of waste generated globally to set reduction targets. We also expanded our partnerships with a number of recyclers. This not only diverts waste from disposal, but establishes circular economy practices for the capture and reuse of valuable resources.

Packaging and Paper

Packaging and paper management remains a global priority for TTI. As production volumes increase, our focus is on utilizing less material to conserve resources and make the transportation of products more efficient. We also strive to adopt reduced-impact materials where possible. The most common materials we use for packaging include paper for boxes, cartons and die cut sheets, and plastic for polybags, bubble bags, clamshells and tool bags. We continue to expand our usage of biodegradable packaging and paper in packaging products and opt for recycled materials, using corrugated cardboard, 70% of which is made of recycled paper pulp, honeycomb board, chipboard, paperboard and/or molded pulp where possible.

Reducing the use of polybags continues to be a priority. Other efforts in 2020 have been a program to remove Expanded Polystyrene (EPS) foam from our packaging, implementing soya ink printing which is more environmentally responsible and initiating a packaging material weight reduction program. As part of our packaging initiatives, we continue to use 100% recycled paper and manage the volume of instruction

Management Approach

manuals and safety literature. To reduce page count and manual volume, we have eliminated redundant content, implemented new templates, replaced text with graphics, adopted simpler instructions for spare parts and consumables and decreased paper weight.

Batteries

Batteries are core to the functionality of our products and reducing our environmental footprint along the value chain. Our batteries are designed to be interchangeable within each network to avoid the production and wastage of multiple batteries. Our global recycling partnerships are critical for increasing the capture and recycling rate of batteries and products, which have reached the end of their useful lives. Our batteries, and products containing batteries, continue to be recycled through various organizations across our markets. One such organization, Call2Recycle®, recycles our rechargeable batteries in North America. More information on this partnership can be found in the TTI and Call2Recycle® Sustainability Partnership section on page 104. In addition, battery recycling partnerships continue with other partners in North America, Australia and New Zealand, EMEA, and Asia.

Chemicals

While our approach prioritizes reducing chemical consumption, we have stringent policies to ensure the safe and proper management of unavoidable chemicals and hazardous waste, in compliance with all relevant regulations. We are subject to a variety of legal, industry-specific requirements covering chemical use, including the Restriction of Hazardous Substances (RoHS) in Europe and parts of Asia, the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) in the EU and the Toxic Substances Control Act (TSCA) in the United States. Hazardous Substances Free (HSF) initiatives are fully integrated into our product development process and local as well as customer-specific HSF requirements are part of the product evaluation and acceptance criteria for our engineering

teams. A list of high-risk materials and components is maintained as part of our operating instructions and is periodically reviewed and amended when necessary.

TTI avoids the use of REACH's substances of very high concern in our products whenever possible. We have our own in-house accredited chemical testing laboratory, which enables verification testing for RoHS substances. When starting a new development project, our teams carry out a thorough risk analysis to identify potentially hazardous components. For these components, suppliers are required to provide test reports from TTI-approved, third-party accredited testing laboratories, verifying the safety of components.

Circularity and Sustainable Materials

While minimizing resource use is our priority, we also have initiatives for reusing, recycling and promoting circularity in our operations and along our value chain whenever we can. In the PRC, our processes have been modified to include the dismantling of all surplus products and those used for reliability testing so the components can be assessed for possible reuse or recycling. In 2020, we entered into new partnerships with recyclers having patented technology to recover valuable materials that can be repurposed. We also hope to introduce these recovered components into our own supply chain when possible.

Another initiative in nascent stages is the testing of biodegradable materials for use in plastic cases that carry our power tools. This initiative at TTI factories involves extensive work by our R&D teams who are striving to reduce waste at all stages of our product lifecycle. More information on our circularity initiatives and use of biodegradable materials can be found in our Sustainable Products section.



Key Initiatives

Local regulations and building management procedures determine how our resources, chemicals and waste are managed in each of our locations. Initiatives include:

- Providing recycling training for employees and working with trade associations to develop content on proper recycling of our products
- Implementing programs for recycling, including for paper, cardboard, scrap metal, bottles and cans, plastic, oil, wood pallets, lightbulbs, printer cartridges and toners, coffee grounds and food waste
- Utilizing electronic filing systems to save paper where possible
- Returning paint containers to suppliers for reuse
- Recycling batteries and power tool skins to recover materials such as steel, copper and aluminium which is then returned to the manufacturing sector to produce mixed metal dust
- Participating in government initiatives for the safe disposal of WEEE electrical equipment

Progress in 2020

Waste

In 2020, there were no incidents of non-compliance with waste management regulations. TTI produced 51,756 tonnes of non-hazardous waste and 2,244 tonnes of hazardous waste. Our non-hazardous waste increased by 36% due to increases at our Americas, Asia and EMEA operations. The increase was due to an increase in manufacturing and production activities. Our overall hazardous waste decreased by 30% reflecting decreases in most regions due to our many initiatives to minimize waste. Data on our waste by region can be found in our Performance Metrics.

At TTI AIP, non-hazardous waste generation increased by 4% and hazardous waste decreased by 7%. Overall this represented a decrease in total waste intensity of 3%. This was due to our comprehensive waste reduction efforts. TTI made some progress in recycling waste, with a 25% increase in recycling. This represented a 28% increase in non-hazardous waste recycling and a 0.5% increase in hazardous waste recycling across operations. TTI AIP also saw a 15% increase in waste recycling, mostly attributable to the recycling of non-hazardous waste products.

Packaging and Paper

In 2020, TTI saw a significant increase in packaging used due to a surge in products manufactured. While TTI AIP had an increase in packaging volume, 92.5% of materials in our packaging in 2020 were from recycled material compared to 91.4% in 2019.

While an increased number of products invariably means more packaging, we made important progress in minimizing impact through eco-measures that resulted in significant cost savings for our business. Some examples include:

- Changing our EPS foam packaging to molded pulp packaging, which saved 1.42 tonnes of plastic and 2.5 tonnes of CO₂ per year
- Implementing half sleeve instead of full sleeve packaging designs which resulted in annual savings of 180 tonnes of paper, the equivalent of 4,147 trees and 1,800 tonnes of water per year. This contributed to a CO₂ reduction of 147 tonnes per year
- New design elements replacing carton flaps in place of pulp mold which led to a decrease in package size by 38% resulting in savings of 46 tonnes of paper, 909 trees and 379 tonnes of water, with a CO₂ reduction of 38 tonnes per year
- Changing the material and size of die cut sheets for tool packaging, resulting in savings of 66.8 tonnes of paper (a 29% reduction for this particular packing), 1,603 trees, 668 tonnes of water and a CO₂ reduction of 54.7 tonnes

Batteries

In 2020 we collaborated with partners to collect and recycle more than 530 tonnes of batteries.

ECO Responsible Packaging



Old Design

(Full Sleeve)

Sleeve Weight: 220g



New Design

(Half Sleeve)

Sleeve Weight: 28g

GHG Emission Reduction

Paper Weight Savings (tonnes)

180

Total CO₂ Reduction (tonnes)

147

Progress
in 2020

TTI and Call2Recycle® Partnership for Sustainability

For over 20 years, TTI has partnered with Call2Recycle® to ensure that our batteries and products containing batteries are responsibly recycled when they reach their end of life. TTI pays stewardship fees to Call2Recycle® based on North American battery and battery product sales. Call2Recycle®'s North American collection network has over 25,000 collection sites, including local household hazardous waste sites and national retailers where consumers can drop-off their batteries for recycling.

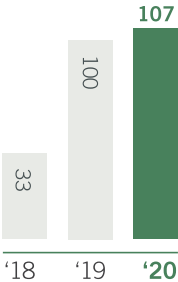
TTI has also implemented a number of recycling incentive schemes in partnership with Call2Recycle®. These have included issuing battery safety and recycling guides to customers, developing infographics

showing end users the impact of battery recycling over the years and creating a pilot 'at home' recycling kit for online battery purchases through retailers. Our RYOBI line also created a safe battery disposal video, viewed by thousands of committed battery recyclers on our website and on YouTube. In 2020, Milwaukee worked with Call2Recycle® to provide an at-home battery recycling solution for customers. Call2Recycle® sent 1,186 recycling kits directly to customers and 50% of the kits were returned for recycling. This program resulted in close to one additional tonne of end-of-life batteries being transported compliantly and recycled responsibly. Looking forward, we are planning to expand this program to all our brands.

In recognition of our recycling efforts, Milwaukee was designated as a 2020 Top 100 Leader in Sustainability for diverting more than 106 tonnes of batteries through the Call2Recycle® battery collection and recycling program. Call2Recycle® recognized all award recipients with a tree donation to the National Forest Foundation's '50 Million for their Forests' campaign.



↑224%
Increase in battery
collection between
2018 and 2020
(tonnes)



Sustainable Products

Why it's Important

Environmentally-responsible products that are safe, long-lasting, repairable and can be effectively recycled, help us contribute to a more sustainable future and build the trust of customers and the community. Our efforts to develop sustainable products move us toward a circular economy model that reduces pressure on our environment, improves the security of our raw material supply chain, stimulates further innovation and boosts economic development across our value chain.

Impact along the Value Chain



Goals

We aim to support sustainable product innovation, which improves responsible consumption and production.



▶ Reduce environmental impact through innovation in product design

▶ Promote reuse of components

▶ Promote a circular economy and sustainable consumption

▶ Promote sustainable materials innovation

▶ Promote use of recycled material

KPIs

- Environmental features incorporated into products and impact measurement
- # of clean tech and energy-efficiency projects
- # of tools refurbished and repaired
- # of partnerships and accomplishments

Management Approach

Our product development process – from identifying next generation of products, to designing and manufacturing through to after sales – aims to reduce environmental impact and improve social conditions along our value chain. Our priority has always been on R&D and in the past few years, our focus is increasingly on developing energy-efficient, clean technologies and adopting sustainable materials.

Responsible Products

In developing products, our R&D teams consider recyclability, repairability and longevity of the products. In 2020, we continued our value engineering programs and expanded the number of lifecycle assessments within our key product categories. As a result of these initiatives, we aim to achieve reductions in shape, weight and use of materials while utilizing more sustainable options, driving innovation, reducing GHG emissions and improving resource efficiency and durability.

We have a number of sustainable products and initiatives that utilize clean technology options. These include:

- Gas to cordless innovations, for example our MILWAUKEE light equipment system (MX FUEL), along with our M18 and M12 systems, and the RYOBI 40V cordless system containing 52 products, lawn mowers and outdoor power equipment

- The launch and expansion of the RYOBI WHISPER Brushless Jet Fan Blower products in 2020, which deliver GAS-LIKE POWER™ performance with reduced noise pollution
- Low-emission generators
- MILWAUKEE line of LED lights
- Next generation of RYOBI ONE+ HP brushless series with subcompact design

Championing Innovation

A key area where we continue to champion innovation is through our gas to cordless initiative. TTI is an industry leader in the conversion of gas-powered tools to cordless tools. The development of cordless tools is driving both environmental and safety improvements. Our cordless products include the MILWAUKEE MX FUEL equipment system and the RYOBI Cordless Lawn Mower along with our range of other outdoor power equipment. The RYOBI Lawn Mower in particular is well known for its environmentally-responsible features.

TTI's pioneering lithium battery pack technology, which powers our cordless tools, performs even better and more efficiently today through battery pack construction, lithium-ion cells within the pack and the electronics within the battery pack. The TTI battery packs are engineered to

Management Approach enable maximum battery compatibility among tools. As a result of this compatibility feature, batteries and tools from a previous generation can also be used with newly-launched batteries and tools. This allows a customer to use the same battery pack with all the tools of each network, which include 213 tools for the MILWAUKEE M18 system, 125 tools for the MILWAUKEE M12 system, 10 products for the MILWAUKEE MX FUEL range, and over 182 tools for the RYOBI ONE+ system. In many cases, our batteries have a gauge that displays the remaining charge available, and can operate at sub-zero temperatures. These unique features serve to not only enhance functionality, but also minimize waste and excess consumption.

Product Repair and Refurbishing Program
We have also expanded our product reconditioning program, which supports

repair and refurbishment of tools. This is an important aspect of our circularity effort as it extends the lifecycle of our products without compromising on quality. In 2020, 808,004 products were repaired through service centers and 495,793 refurbished products were sold.

Product refurbishment allows 80% of the original product to be reused. As a first step, all products, including batteries and chargers, are carefully inspected for any mechanical issues. These are then repaired by manufacturer-trained technicians, who use replacement parts from TTI's factory. After this, testing is conducted to ensure products are working at optimal standards before they are packaged as certified, pre-owned units. Refurbished products are sold through our Direct Tool Factory Outlets with a one-year warranty. In 2020, the number of factory outlets expanded to 37.



Direct Tool Factory Outlet
Anderson, South Carolina, USA

Total number of refurbished products in 2020

495,793

Total number of repaired products in 2020

808,004

Key Initiatives

Our business units are taking action to integrate environmental attributes into product portfolios by:

- Setting material efficiency targets and reporting on key materials used in products
- Incorporating recycled materials where possible in plastic, cardboard and metal components

- Striving to reduce the number of parts and components in products
- Ensuring all key product categories undergo lifecycle assessment
- Designing all products with ease of repair, simple disassembly features and with recyclability and longevity in mind

Progress in 2020

In 2020, we continued to look holistically at our product lifecycle to integrate sustainability attributes and actions along the value chain. In Asia, this involved a thoroughly collaborative and cross-sectional team effort to analyze and understand the relative impacts of our products through lifecycle assessment and carbon footprint analysis. The information gathered will be used to create a sustainable design guide for future products.

As we make strides toward innovations that reduce environmental impact, we also continue to prioritize the safety of our employees and customers and develop products that meet the need for heightened health and safety in the community. We will continue to develop sustainable products to meet the needs of customers and the wider community in the future.



RYOBI 40V HP Brushless
Lawn Mower

TTI was named
Environmental Partner of the Year by The Home Depot in 2020 for our expanding line of RYOBI lithium-ion battery-powered tools and outdoor power equipment

Biodiversity

Why it's Important

Healthy ecosystems, supporting air, soil and water quality, as well as species and habitat diversity, are key to the long-term survival of our business and the wellbeing of the communities where we operate.

Impact along the Value Chain



Goals

We aim to protect the ecosystems around us by committing to responsible production and consumption and impact reduction through the adoption of global best practices and promotion of partnerships.



KPIs

- Source reduced impact materials
- Promote reuse of materials and increase recycling

Management Approach

Protecting biodiversity and healthy ecosystems, for both species and habitats, are necessary in order to help safeguard our planet. Responsibly managing our footprint – from material selection and sourcing, resource conservation and adopting renewable energy, to redesigning products and processes for circularity – is an opportunity for us to do things differently, to lead and to effect change. Integrating factors that contribute to restoring and protecting biodiversity in our operations and our engagement with suppliers, customers and consumers, is essential across our value chain.

As outlined in the Sustainable Products section of this Report, whenever we can, we are designing our products and processes to incorporate sustainable materials, adopting or providing clean technology, and embedding circularity principles to recover valuable resources and reduce pollution. We strive to develop our manufacturing and operating locations in a way that minimizes impacts on local ecology, including habitat and species diversity. We aim to accomplish this at our new factory site in Vietnam by attaining LEED

certification for our facility. We also work to conserve biodiversity and protect habitats in our supply chain by responsibly sourcing materials, minerals and metals in particular, and amplifying this through collective industry engagement with suppliers and partners such as the Responsible Minerals Initiative (RMI) and Responsible Business Alliance (RBA).

In 2020, TTI renewed our RMI membership and expanded it to become a supporter member of the RBA, a coalition of leading companies working to improve efficiency and social, ethical and environmental responsibility in the global supply chain. We fully support the vision and the goals of the RBA, which involve driving sustainable value for workers, the environment and business by adopting best practices. Through our partnership with organizations such as the RBA, we hope to collaborate with like-minded companies and other stakeholders to improve environmental conditions in ecosystems throughout our value chain.

Key Initiatives

- Our operation in Mexico has analyzed the direct and indirect impacts of manufacturing plants and the associated transport infrastructure on biodiversity and determined there is no flora or vegetation that is impacted by the development of this facility
- Aiming for LEED certification at our new factory site in Vietnam

Progress in 2020

TTI is aware of the threat to global biodiversity, and we have taken steps in 2020 to begin the process of setting

science-based targets for reducing our Scope 1, 2 and 3 GHG emissions.