

# Governance

Our material topics have wide-ranging impacts along our value chain, therefore embedding sustainability across our business by utilizing a strong governance structure and robust risk management strategy is key. Embedding sustainability in the business means operating responsibly by adhering to sound ethics and governance practices in accordance with codes and policies that emphasize accountability. These codes and policies address both offline and online risks. As such, securing the integrity of some of our most valuable assets – our online data systems and intellectual property – is also an important focus of our governance strategy.

Operating responsibly necessitates engaging in global initiatives to enhance our performance and transparency to create a more sustainable world. In addition to progress on alignment with key UNSDGs and our participation in effective multi-stakeholder forums, such as the Global Reporting Initiative (GRI), our global efforts include partnerships with a number of organizations that are working actively to promote sustainability and tackle sustainability challenges.





# 93.1%

of employees trained on anti-corruption practices

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## Global Cyber Policy

review successfully conducted with remediation efforts  
accomplished for identified gaps

# Governance Structure

A well-defined governance structure provides direction for managing sustainable practices by assigning clear responsibilities within the Company. The TTI Board of Directors together with our ESG Executive Committee drive our governance practices. In 2020, increased commitment to sustainable practices led to the expansion of our ESG Executive Committee which comprises Board members as well as executives from different regions and functions. The ESG Executive Committee met once in 2020 and will increase its frequency of meetings to four times a year in 2021. This Committee works with the Board to approve TTI's sustainability strategy, which is subsequently implemented by the ESG Working Committee and each business unit.

The ESG Working Committee includes representatives from different business functions and from each region and reports to the ESG Executive Committee. The ESG Working Committee enhances the Group's ESG performance by fine-tuning policies, monitoring performance and setting goals and targets according to the Company's approved strategy. The ESG Working Committee met five times in 2020.

Leaders of regional business units across the company and the globe report on their ESG performance and challenges to the CEO on a quarterly basis.

## TTI's Board of Directors

Oversees and approves the sustainability strategy, including KPIs, goals and targets.

## ESG Executive Committee

Sets the strategy and oversees our ESG Working Committee.

### Drive TTI's governance practices

## ESG Working Committee

The ESG Working Committee, representing business units in each region, enhances the Group's ESG performance by fine-tuning policies, monitoring performance and setting goals and targets.

### TTI's key initiatives in 2020 included:

- Ensuring the safety of employees, end users and workers in response to the COVID-19 pandemic by implementing safe working conditions and product delivery procedures
- Defining environmental targets with the aim of enhancing performance and working toward developing science-based targets
- Continuing to expand our manufacturing footprint, bringing responsible practices closer to our markets with the objective of establishing sustainable operations and supporting local economies
- Developing global policies covering human rights, and labour and environmental management
- Mapping environmental and social risks in our supply chain
- Continuing the collection of comprehensive data along our value chain, including on Scope 3 emissions
- Establishing diversity and inclusion committees in North America
- Renewing our Responsible Mineral Initiative (RMI) membership – TTI extended its engagement to become a supporter member of the Responsible Business Alliance (RBA), furthering our commitment to responsible sourcing and supply chain management
- Renewing our Global Reporting Initiative (GRI) membership and thereby expanding our efforts to increase transparency in our disclosure of ESG performance

## Business Units

Business units implement strategy and monitor progress by holding quarterly performance reviews against the KPIs.

# Risk Management

Good governance also means managing economic, environmental and social risks and capitalizing on opportunities. First and foremost, we manage risk by ensuring compliance with regulations and standards pertaining to all aspects of our value chain. Responsibility for risk management is held locally at the business unit level and by business function, with some areas of governance being handled at the corporate level. Our internal audit team, which acts independently and reports to the Audit Committee, coordinates efforts across functions and follows a comprehensive risk assessment process for all business units and levels of the Company.

Key elements of our overarching risk mitigation process are outlined below.

Of particular note, we are assessing climate risk and managing it across our operations through the diversification of our global manufacturing base and localization of our supply chain. An assessment to identify potential climate risk scenarios, including financial impacts and mitigation strategies, is underway and will inform our strategy going forward.



# Ethics and Governance

**Why it's Important**

Championing integrity in every part of our business is simply the right thing to do. It helps us reduce risk throughout our value chain and maintain trust across TTI's range of Powerful Brands.

**Impact along the Value Chain**



**Goals**

We aim to eliminate ethical violations across our value chain through both global multi-stakeholder partnerships and initiatives within our own operations.



▶ **Promote compliance and aim for zero incidents of non-compliance with TTI's Policies and Codes with transparency in reporting and remediation when necessary**

▶ **Zero cases of corruption among TTI Group and its business partners**

**KPIs**

- # of employees trained on CoC
- # of cases of corruption
- # of cases of non-compliance with CoC
- # of hotline cases addressed in a timely manner with corrective action

- # of memberships in good standing
- % of global ESG data collected
- Transparency in accordance with GRI

**Management Approach**

**Code of Ethics and Business Conduct and Compliance Policies**  
Sound governance requires a commitment to ethical principles, as outlined in TTI's Code of Ethics and Business Conduct (CoC). This CoC, which is available in 21 languages and communicated to all employees, provides guidelines for conducting business with transparency and in accordance with all legal requirements. The CoC includes TTI's commitment to ethical behavior and provides guidance on how to manage insider information, along with acceptance of gifts and other items of value while outlining how to avoid conflicts of interest. The CoC also demonstrates TTI's commitment to social responsibility, particularly in relation to the protection of human rights, including the prohibition of forced and child labor. In addition to the CoC, we have a number of global and local policies covered in our Employee Handbook, which clearly sets out governance practices and expectations for all aspects of our business.

A list of significant policies is summarized on page 91. One key guideline is the Anti-corruption Policy, which outlines how we maintain anti-corruption standards and prevent bribery internally and externally as well as regularly assess our operations for corruption risk. As part of these efforts, TTI refrains from making any political contributions in any of our markets. In China, TTI has been a member of the China Enterprise Anti-Fraud Alliance (CEAFA) since 2017. We remain committed to working with this non-governmental and non-profit cooperative organization to maintain a clean

business environment. All TTI's policies are communicated to our employees globally through our e-learning platform or face to face and are regularly reviewed to ensure compliance with laws and regulations. A full list of legal and regulatory requirements related to anti-corruption practices that have the potential to have a significant impact on our operations and performance can be found in Appendix A of our HKEX ESG Guide Content Index on our website.

The principles and values in our Code and other policies are also applicable to our business partners and set-forth in our Business Partner Code of Conduct (BPCoC). Key policies applicable to partners include the Anti-corruption Policy, Policy Against Modern Slavery and Human Trafficking, Conflict Mineral Policy and the Cobalt Procurement Policy. Details can be found in the Responsible Sourcing section of this Report on page 128.

**Compliance**  
Our Group Vice President General Counsel and Chief Compliance Officer heads compliance globally and reports to the CEO and the Audit Committee of the Board of Directors. The compliance function supports many TTI functions and sets our policies, trainings and regulatory interpretation. The compliance program is regularly updated and ongoing monitoring is conducted by the internal audit team. At the regional level, the Group Vice President General Counsel and Chief Compliance Officer is assisted by local legal and compliance departments.



Management Approach

Global Trade Compliance

An invaluable part of our compliance program is the Global Trade Compliance function, which is managed by a team of trade compliance professionals across the globe, with our Group Vice President of Trade Compliance in the United States (U.S) setting policy, strategy and regulatory interpretation. The Trade Compliance function is wholly supported by TTI's Executive Management Team and recognized as vital to our Company's global compliance and success.

Global Trade Compliance supports many TTI functions by screening entities and persons with whom TTI does business to ensure that none of the parties is denied, debarred or otherwise proscribed or embargoed by any relevant government. Global Trade Compliance also assists Compliance and other functions in the analysis of procurement of certain raw materials, namely conflict minerals, and helps to identify regions known for forced labor and anti-corruption, to mitigate risk.

Complaints and Concerns

To ensure our codes are effective, active reporting of all violations is highly encouraged. TTI's Group Vice President, General Counsel and Chief Compliance Officer receives complaints and concerns directly. These are then investigated

as appropriate by our internal audit team, the legal or human resources departments or an independent third party. Complaints can also be made using a third-party operated compliance hotline, available 24 hours a day, 7 days per week. This allows employees, suppliers and customers, or anyone concerned, to report issues. All complaints are addressed in confidentiality, anonymity is maintained, and remedial actions are then taken, as needed.

Compliance Training and Communication

TTI maintains good governance practices by striving to prevent violations through ongoing communication and training. Employees and suppliers are required to complete training on all codes and policies and to acknowledge their understanding of their responsibilities. Every year key personnel are required to sign compliance certifications and suppliers are requested to sign compliance declarations. Communication on compliance is key. We conduct regular training through our e-learning platform and in person with our compliance and legal departments or external firms. Awareness on compliance is also built through periodic quizzes and by placing posters in local languages in conspicuous locations at all our sites.

A list of TTI's key policies and codes are included below.

TTI Policies

● Governance ● Social and Community ● Environment

- Code of Ethics and Business Conduct: states the actions and ethical behavior expected of our employees.
- Complaint Resolution Policy and Procedure: encourages any person to report any action, situation or circumstance that appears to be in violation of the Code of Conduct or any laws, regulations or our other internal policies (including internal policies and codes of conduct of TTI's subsidiary companies)
- Business Partner Code of Conduct: outlines TTI's requirements and expectations for all suppliers and partners (it was updated and relaunched on our supply chain platform in 2020, with further expansion on TTI's requirements in relation to trade compliance)
- Anti-corruption Policy, updated (2019)
- Anti-trust Policy, updated (2019)
- Trade Compliance, updated (2020)
- Data Privacy, Data Security and Incident Reporting Policies
- Policy Against Modern Slavery and Human Trafficking: states TTI's expectations in relation to human rights and the eradication of modern slavery and consequences of non-compliance, updated (2019)
- Conflict Minerals Policy: outlines expectations and guidelines in the sourcing of tin, tungsten, tantalum and gold ("3TG")
- Cobalt Procurement Policy: provides guidelines in cobalt sourcing (launched 2019)
- Social & Environmental Responsibility (SER) Compliance Program: comprehensive scorecard to track compliance with ESG policies in the supply chain
- Environmental Management Policies
- Environmental, Health & Safety (EHS) and Occupational Hazard Management Policies
- Product Safety and Consumer Product Regulatory Compliance Policy, updated (2019)

Key Initiatives

- Mandatory training on the Code of Conduct (CoC) is organized for all new hires through TTI's e-learning platforms or in person
- Copies of the CoC along with handouts and posters with key points about our policies and details on how to report violations are available in local languages at all premises, including offices, factories and dormitories, for those without computer access
- In 2020, we released new e-learning training on anti-trust and a new policy on trade compliance to all employees globally

Progress in 2020

In 2020, once again no legal cases of corruption, anti-trust, anti-competitive or monopoly practices were brought against TTI. As per our established approach, we continued to educate employees about ethical practices with the global launch of our new anti-trust training course. 89.3% of our employees have been trained on this new material in 2020 through our e-learning platform and through in-person sessions to ensure the delivery of required training to all impacted employees. Also, 93.1% of our employees have been trained on anti-corruption through our e-learning platform and through in-person sessions to ensure the delivery of required training to all impacted employees. We also established a new Trade Compliance Policy. We are in the process of revising our Human Rights and Environmental Policies to reflect changing conditions. These updated policies will be put forward to the Board in 2021.

Our complaint reporting system remained effective, with a total of 38 complaints received and investigated in a timely manner in 2020. All complaints were resolved in 2020 except

one, which remained open in 2021. The sales revenue of the company grew by 28% in 2020 over 2019, so the fact that the number of complaints increased over 2019 can be attributed to our growth. Of the 38 complaints, 18 were reported through the complaint hotline, 9 were anonymous emails, 4 complaints came from TTI employees and 7 came from TTI management. One complaint was made directly to the Group Vice President, General Counsel and Chief Compliance Officer and all complaints were investigated thoroughly. Of the complaints, 2 alleged fraud, 12 were employment-related claims or regarding violations of company policy, 2 alleged collusion, 1 alleged corruption, 3 alleged bribery, 5 complaints were against suppliers, 1 was from a customer complaining about brand upgrades and 12 complaints were with insufficient evidence and information for further investigation. Complaints with merit were managed with appropriate corrective action, including termination of employment, payment of penalties or immediate remediation. Detailed information about complaints and corrective measures were reported to both management and the Audit Committee.

Zero legal cases

of corruption, anti-trust, anti-competitive or monopoly practices brought against TTI.

89.3% of employees

have been trained on anti-trust.

93.1% of employees

have been trained on anti-corruption.

# Data Protection and Cybersecurity

## Why it's Important

Our data and intellectual property are some of TTI's most valuable assets. Sound management means the protection of customers and employees as well as safeguarding our Powerful Brands, Innovative Products and Operational Excellence in order to minimize the risk of business disruption.

## Impact along the Value Chain



## Goals

We aim for zero breaches or incidents in cybersecurity to minimize disruption to our operations and to protect the data privacy of our employees, customers, suppliers and business partners.



► **Protect and enforce TTI's IP rights**

► **Minimize any risk of business disruption from cyberattacks and aim for no breaches or incidents**

► **Comply with all new data privacy regulations, such as the General Data Protection Regulation and the California Consumer Privacy Act**

## KPIs

- # of employees trained on IP protection
- # of breaches of IP rights

- # of breaches of data privacy
- # of employees trained on cybersecurity (cyberattacks, phishing)

## Management Approach

### Data Security Policies and Procedures

Strong data protection and cybersecurity management are essential as the risk of cyberattacks is evolving and increasing. TTI continues to invest in programs around cybersecurity and in enhancing our Information Technology (IT) systems around the globe. A number of training workshops to raise awareness about cybersecurity were conducted in 2020.

To ensure that all collected data is protected, we comply with relevant legal requirements including Europe's General Data Protection Regulation, which TTI has been compliant with since 2018. Our IT department monitors all computer systems to ensure they are covered by sound authorization management processes. Procedures protecting our data systems are outlined in eight separate global security policies.

TTI follows the National Institute of Standards and Technology Cybersecurity Framework, which defines our approach to

cybersecurity—including the protection of customer data, the growth of our business and management of IP. Led by our Group Director Cybersecurity, our Informational Technology Steering Committee (ITSC) meets monthly to ensure that TTI's systems are well managed.

### Intellectual Property

Our security protocol covers TTI's intellectual property portfolio, which includes patents, trademarks, logos, copyrights, software and trade secrets. Management of our IP is conducted according to procedures outlining proper usage and protection from infringement by and of others. We champion innovation among our employees by encouraging inventions, discoveries, new ideas and concepts. Our patent invention award mechanism serves to further drive creativity. We continue to support the documentation of ownership of all such IP and train our employees not to use protected IP out of respect for the IP rights of others.

## Key Initiatives

- Each business unit completed a comprehensive cyber policy review with remediation efforts accomplished for identified gaps
- Our 'Global Cybersecurity Managed Detection and Response' platform went live in North America, Asia Pacific and Europe
- Cloud-based as well as local services that handle both internal and customer information are properly managed through stringent practices, including rights management and multifactor authentication
- A comprehensive vulnerability reporting program enhances our ability to proactively address risk before loss occurs

## Progress in 2020

Ensuring compliance with the California Consumer Privacy Act from January 2020 was a key focus for TTI in 2019. This led to the launch of a new training program and the review of our data privacy policies and websites. Important cybersecurity projects initiated in 2020 included cybersecurity assessments of all businesses, Managed Detection and Response (MDR) roll outs, multifactor authentication for email and VPN as well as vulnerability scanning and reporting.

In 2020, there was one substantiated complaint concerning breaches of customer privacy and data. TTI identified unauthorized access to one of our business unit's systems. Through quick action via our internal teams and in coordination with our security partners, TTI did not experience loss of customer data or IP. TTI complied with all applicable laws and regulations in addressing the incident.