

Environmental, Social and Governance Report

Environmental



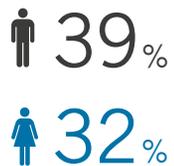
TTI AIP has reduced carbon dioxide emissions by **781** tonnes over 2016

Continuous Improvement Program (CIP) at TTI AIP has saved electric power consumption **846,313** kWh

TTI Canada has saved **81,000** litres of fuel by switching to more efficient engines for its workforce vehicles

TTI HK has reduced GHG emissions by **5** %

Social



In Hong Kong, 39% of men and 32% of women took additional non-mandatory training



New supply chain compliance platform launched in December 2017



TTI partners with **50+** volunteer programs and charities worldwide

Thousands of volunteer hours and hundreds of thousands of US dollars invested in local communities around the world

Social

Our Commitment to Employees

TTI has a long-standing commitment to promoting and maintaining an environment that respects the personal rights and dignity of our employees. It has been and shall continue to be both the official policy and the commitment of TTI to provide equal employment opportunity for all qualified persons, without regard to race, gender, color, national origin, sexual orientation, gender identity, pregnancy, age, religion, military service, status as an individual with a disability or status as a veteran or any other status protected by applicable local, state or national law. It is our belief that all individuals should be treated with dignity and respect, regardless of any differences that arise in the workplace.

Each TTI business unit has an Employee Handbook written specifically for their location that incorporates all employment policies, procedures and best practices. The Handbook incorporates national and local regulations to ensure compliance in every region. Handbooks are updated as required to reflect any new changes to national and/or local laws or policies.

TTI's policies and procedures align with our mission of being a company of exceptional people, and extend to recruiting, interviewing, hiring, assignment of responsibilities, transfer, promotion, training, hours of work, rest periods, pay benefits, disciplinary actions, termination, and any other terms and conditions of employment. Employees are required to read and sign off on the Employee Handbook upon their hiring, as well as when changes are made.

In the U.S., TTI's Equal Employment Opportunity ("EEO") policy, as well as its affirmative action obligations, have the full and complete support of business unit presidents and TTI's CEO. Through the EEO Policy and affirmative action obligations, our business units encourage initiatives and personal leadership by all employees as the best means to ensure the success of the program. By respecting differences, embracing similarities and understanding their impact, we create an environment in which all employees are welcomed, encouraged to participate fully, and accorded respect.

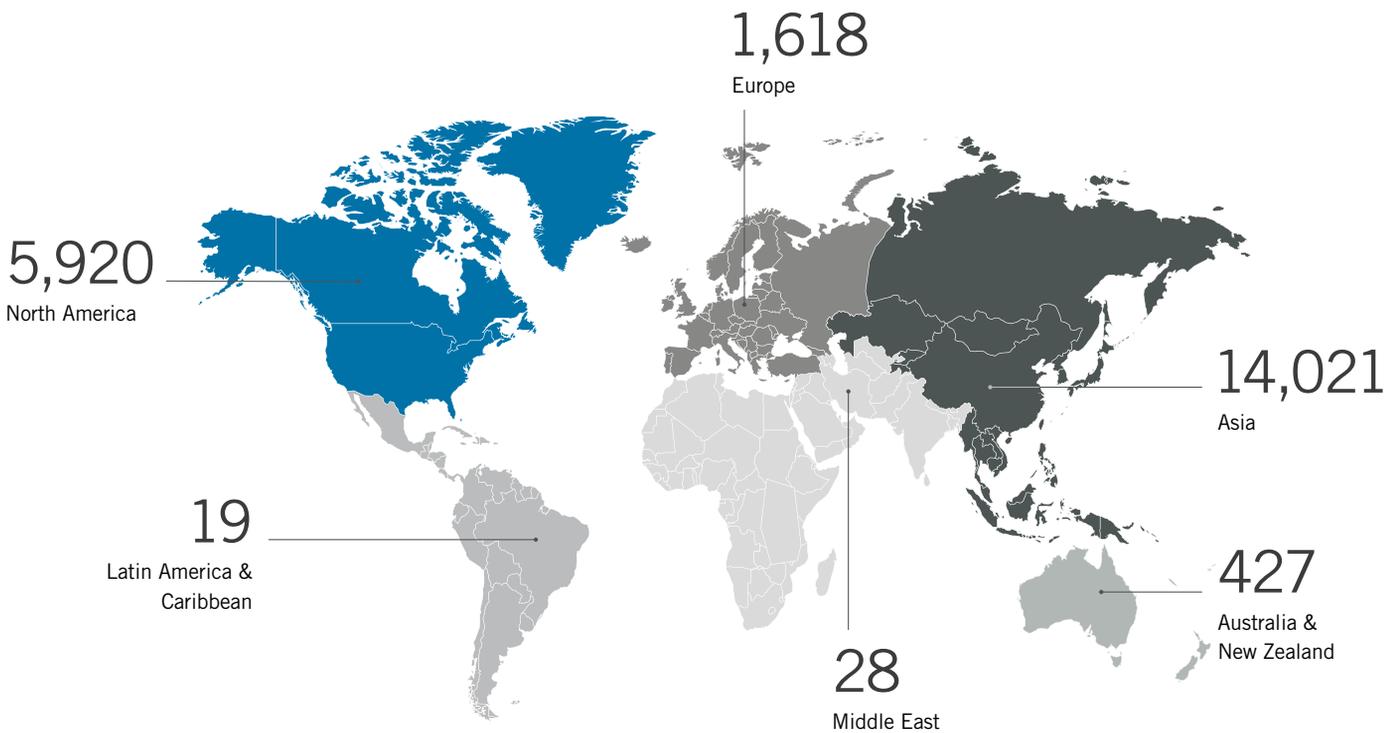
Additionally, we expect all employees to adhere to the laws applicable in the jurisdictions in which we operate and to refrain from mistreating others through threats, violent behavior, intimidation, bullying, discrimination, physical or verbal abuse, unwelcome sexual advances, unwelcome touching or invasion of personal space, or ignoring the rights of others. Our Harassment Prevention, Anti-Discrimination and Anti-Retaliation Policy provides the overall philosophy and specific approaches for addressing discrimination, harassment and related retaliation issues. All employees are required to take an eLearning course on Preventing Harassment and Violence in the Workforce.

Our commitment to employees also includes providing fair and equitable benefits to all qualified persons. At TTI Canada, we look outside to other Top 100 Companies to stay competitive and attract the best talent so we can identify best practices and adopt those for our employees. TTI Canada also pays 100% of its offered benefits for its full-time employees. The benefit offering is reviewed by the human resources and finance departments on an annual basis to ensure we offer competitive and relevant benefits to our employees.

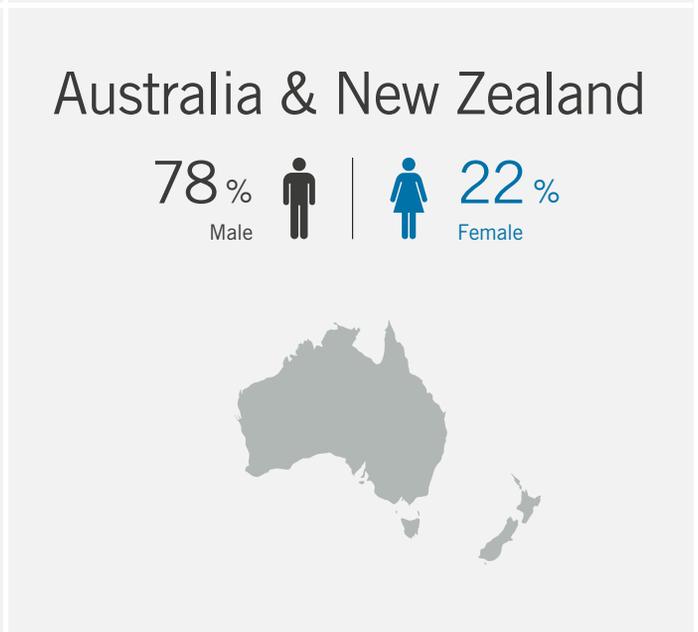
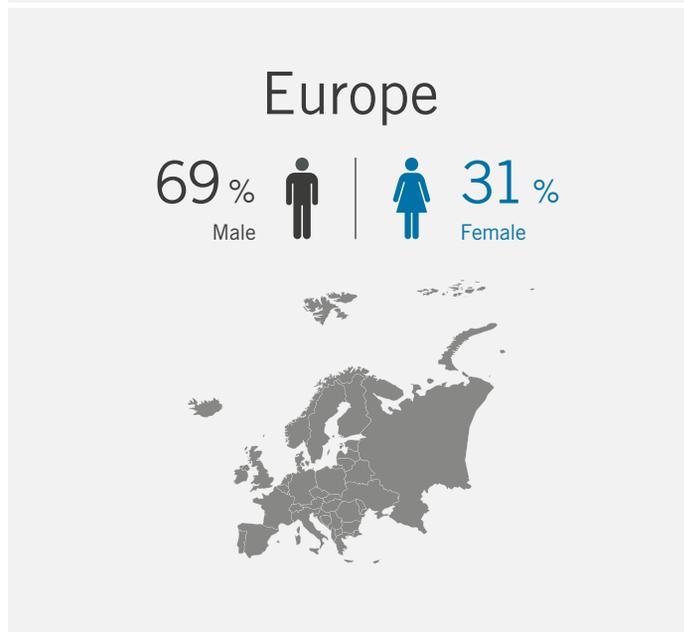
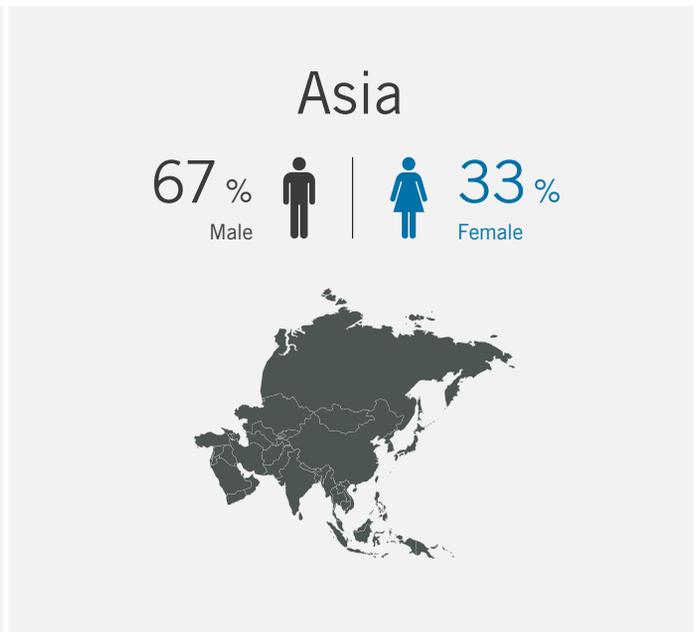
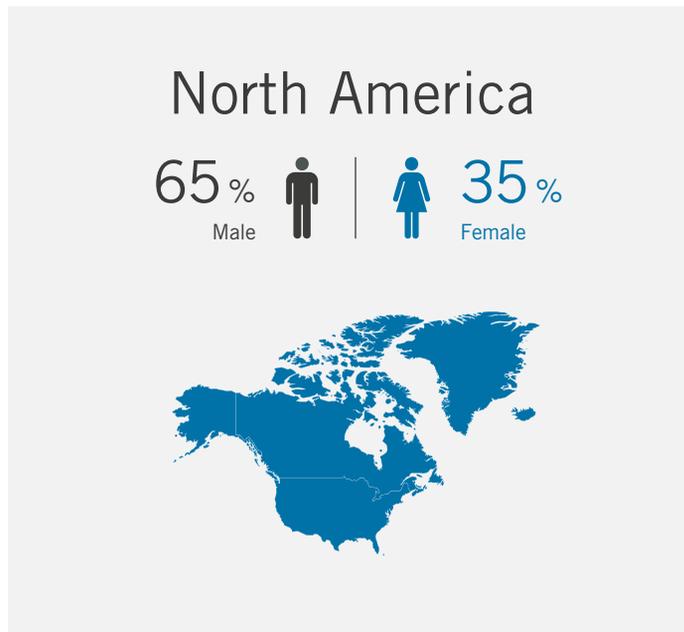
In the United States, TTI offers a comprehensive employee benefit program that covers the full range of health, life, disability and retirement benefits for our employees and their dependents. Programs are benchmarked annually against other major U.S. employers and TTI's offerings consistently compare favorably. In addition to traditional employee benefit offerings, TTI has programs and policies to address family leave, annual leave/vacation, and educational assistance. All benefits, programs and policies are provided on a uniform basis to all full-time and part-time permanent employees.

Similarly, TTI ANZ benchmarks all employee benefits against competitors and industry local practices to ensure we are recognized as an employer of choice. TTI ANZ provides educational, financial, social and health benefits that are above and beyond traditional employee benefits.

Global Employee Headcount



Employees by Gender in Major Locations



Safeguarding the Health and Safety of our Exceptional People

TTI is committed to providing employees with safe working conditions. We are proud to report that we have not had any work-related fatalities in 2017 at any of our 41 locations around the world. Our employees should not only feel respected and valued while at work, but should also feel secure in their surroundings. Measures have been taken to eliminate and reduce hazards where possible through Environmental Health & Safety (“EHS”) and Occupational Hazard Management Policies, as well as other internal policies and local regulations. Any safety issues or violations of regulatory requirements are addressed promptly to prevent risk of injury.

We also take proactive initiatives to make safety a top priority throughout TTI's business. The following are a few examples of specifics.

At TTI FC NA, we have a well-organized safety committee comprised of both management and hourly workers. TTI FC NA conducts regular safety audits throughout the TTI FC NA facilities, performs job safety analyses followed by education to workers on the safe way to perform their jobs, and trains both hourly and management personnel on performing behavior-based safety audits by observing employees while they work and then discussing the safe and unsafe actions and observations. TTI FC NA also has each employee sign a safety pledge indicating that they will perform their jobs in a safe manner.

Furthermore, TTI FC NA has certified, first-aid/CPR responders in all areas of the facility to respond to any emergencies that may arise during working hours. TTI FC NA also trains the leadership team to be safety coaches for their employees. Training is completed through

a combination of instructor led and online training. Work-place safety initiatives and safety incidents are monitored by the Director of EHS, the EHS Associate and the joint management/employee safety committee.

TTI Canada follows a similar health and safety approach to TTI FC NA. TTI Canada has a Health and Safety (“H&S”) Committee that meets quarterly to review health and safety activities. Members of the H&S Committee comprise representatives from the corporate location and its five (5) service branches, as well as representation from the field. Provincial Health and Safety Regulation booklets are posted at each of the locations, along with the minutes of each meeting as per the policy. Provincial Health and Safety Ministry officials make periodic visits to the sites to ensure compliance. Managers at each site also conduct ongoing inspections to affirm first aid kits, fire extinguishers and defibrillators are in proper working order and well stocked. TTI Canada also provides access to First Aid courses for all employees.

When proper health care is not available in various regions, TTI has stepped in to ensure our employees and their families are receiving adequate health care. For example, in Greenwood, Mississippi, Milwaukee Tool established the Greenwood Clinic that operates within our Greenwood plant for employees and their family members. This was put in place due to the lack of primary care doctors in that area. It has and will continue to provide an easy to access, available primary care options to help employees and their families obtain important preventive services such as annual exams and immunizations, lab tests, and help with early identification of costly, long-term chronic diseases before they progress.

Every employee in TTI EMEA's Eastern European offices undergoes an obligatory medical check before starting his/her employment. In accordance with governing regulations, employees must participate

in an Occupational Health & Safety training course. Employees are then required to pass an initial test. Within the first year of employment, employees are required to take a second Occupational Health and Safety training course and again, pass a test.

In U.A.E., TTI MEA's employees adhere to the Jebel Ali Freezone Authority ("JAFZA") rules & regulations. JAFZA performs annual office checks for local environmental, health and safety compliance.

Additionally, TTI MEA purchased new monitors for employees to improve eye protection and ergonomics.

Maintaining Exceptional People Through Training and Development

TTI is committed to providing comprehensive training programs, which collectively provide a uniform platform to all employees at all our locations, as well as an educational basis to enhance and improve employee skills. TTI is proud of its robust course, "Learn TTI", which provides online training to new and existing employees on compliance and other subjects to strengthen both business and leadership skills. "Learn TTI" supports both various self-study vocational training and specific management courses for designated individuals. Our business units also strongly encourage internal and external training opportunities.

TTI Canada has worked hard over the past couple of years to partner with third-party training providers to customize training for employees. As a result, TTI Canada has developed a training manual for employees that showcases the offering for the Sales and Marketing Teams and Managers. Some of the course titles include, Building Customer Relationships, Time Management, Situational Leadership, Leadership Development, DiSC, Territory Engagement and Strategic Distributor Workshops and Management Essentials.

In 2014, TTI Canada launched a mentoring program to allow employees to spend one-on-one time with the leaders of the organization. Employees are paired up with a tenured individual who offers insight into specific career paths and areas of interest. TTI Canada also offers a "Job Shadowing" program whereby employees can work beside a colleague in a different role to experience first-hand what that role entails, allowing employees to make knowledgeable choices when developing their career plan at TTI Canada.

At TTI PE, succession planning is reviewed every year with areas and roles identified. Similarly, training and development needs are identified during the Annual Performance Review process, whereby employees and managers meet to discuss and lay out specific individual plans. Development and training initiatives also include collaboration with local technical and vocational schools. TTI PE also fosters continuing education, allowing employees to remain current in their field.

TTI is very active in recruiting college graduates to begin their career at TTI. Known as Team TTI, the group goes through a rigorous training program. All new employees are assigned a 90-day electronic learning plan that is completed via Learn TTI. Within the first 60 days of employment, all employees travel to the Pudwill Learning Center (PLC) to attend an intensive course in sales tactics, business management, and product knowledge. After six months of service, new employees return to the PLC to learn more about communication, problem solving and project management.

Like new employees, new managers at TTI PE attend management training within their first 90 days after promotion. This training covers a wide variety of topics, including leading a team, utilizing resources, understanding the business at a management level and recruiting.

At TTI, tracking the percentage of employees trained and the average training hours completed by gender and employee category is not mandatory. Some of our business units keep track of employees trained and training hours, while other business units are working toward implementing a system to tally those numbers. For example, in Hong Kong, 39% of men and 32% of women took additional non-mandatory training. By category, 33% of senior level males completed additional training, whereas 90% of senior level females completed additional training. Middle management male and female employees were nearly identical with 48% and 47% completing additional training. Male employees at TTI HK participated in 34% of additional training compared to only 9% of female counterparts.



Likewise, in TTI Korea, 46% of men and 54% of women took additional training. 100% of the male middle management completed additional training, while 25% of female middle management did. Male employees at TTI Korea participated in 47% of additional training compared to 67% of female counterparts.

At TTI FC NA, over 3,000 hours of employee training were recorded and the average number of training hours spent by employee was 6.09 in 2017.

Additionally, 100% of TTI Canada employees are trained based on their job category. In 2017, of the six senior management employees, all attended the Situational Leadership Course that involved 24 training hours. Middle Management participated in 56 hours of training, while new employees received 144 hours of classroom training along with eLearning courses.

At the North America Milwaukee Tool locations, 2,100 employees were trained involving 23,089 hours of training. This included 446 courses and totaled 16,390 attendees across all training events⁶.

At TTI Zhuhai, 100% of employees received training. On average, workers participated in four hours of training and staff received eight hours of training. For all locations in the PRC, 28% of females and 72% of males completed additional training. Overall, the employees in the PRC completed 49,260 hours of training in 2017.

Of the more than 400 employees at DreBo, 28% participated in non-mandatory training. Of that 28%, 23 were female employees and 95 male employees. The three senior management male employees averaged 61 hours of training. The one middle management female employee averaged 16 hours of training compared to 20 hours of the middle management male employees. At the employee level, male employees averaged 20 hours of training, whereas females averaged 21 hours of training.

⁶ These numbers include TTI mandatory courses.

Respect for our Labor Force

TTI complies with all applicable international, national, state and local employment laws designed to protect the rights of all individuals and does not allow the use of child or forced labor in any of its facilities.

TTI Handbooks outline company policies, as well as statutory laws and regulations that our organization requires to stay compliant.

All TTI employees are mandated to take the “Learn TTI” course on Modern Slavery and Human Trafficking and our Code of Ethics and Business Conduct as part of their onboarding. We also expect our suppliers and business partners to comply with our Business Partner Code of Conduct and our approach on this is outlined below.

In the United States, employees must complete a formal employee application for employment and must provide government-issued identification confirming that they are legally permitted to work. For workers under the age of 18, we follow local guidelines that limit number of hours allowed and hours of employment. Those hours must be approved by the employee’s parent or legal guardian.

In the PRC, we have additional mandated policies regarding child labor, juvenile workers and forced labor. Our PRC facilities never hire any person under the age of 16 and only hire juvenile workers between the ages of 16 and 18 during peak seasons. However, TTI requires our PRC locations to adhere to the Juvenile Worker Protection Policy and register the juvenile worker with the local Labor Bureau. In addition to following TTI policies, our PRC locations have instituted several preventative actions during hiring, including:

- Human Resources checks identification cards (with date of birth information) of each candidate via a system linked with public security.
- Upon hiring, Human Resources registers all juvenile workers’ names with the local labor bureau.

Sustainability in our Supply Chain

Globally, our focus is to assess and manage environmental and social risks across our supply chain. We engage and partner with TTI customers and suppliers to achieve this goal.

Our suppliers must comply with TTI’s policy against modern slavery and human trafficking based on the requirements of the California Transparency in Supply Chains Act and the UK Modern Slavery Act. TTI has also updated the Business Partners Code of Conduct to address these requirements. In 2017, we implemented changes and took additional steps in our selection and monitoring of our suppliers.

To assist with monitoring the compliance of our suppliers, TTI launched a new supply chain compliance platform in December 2017. Enrolling our suppliers into the platform ensures TTI suppliers: (1) acknowledge TTI’s Policy Against Modern Slavery and Human Trafficking and Conflict Minerals Policy and TTI’s Business Partners Code of Conduct; and (2) complete surveys on supply chain transparency and modern slavery. Suppliers are also required to complete a Conflict Minerals Reporting Template (“CMRT”).

Suppliers’ performance is monitored against our Business Partners Code of Conduct through regular internal and external audits. If non-performance issues or breaches are found, TTI will investigate. All non-compliances must be rectified through corrective action plans. Depending on the severity of the non-compliance, corrective action plans include training, additional factory audits and ongoing monitoring, or the business relationship is terminated.

It is TTI’s vision that through our continued effort in education, engagement and partnership, we can help our suppliers develop a shared culture that values corporate social responsibility. Implementing changes and taking additional steps will promote a sustainable supply chain in our industry.

Product Responsibility

Powerful brands and operational excellence are two of the cornerstones of TTI's business model. The safety of our products, which are designed, manufactured, distributed or licensed by TTI is of the highest priority. Our business units:

- Comply with all applicable laws and regulations for the markets where such products are sold;
- Meet or exceed all applicable voluntary industry standards; and
- Meet reasonable consumer expectations for safety.

In an article published in December 2017 by ProPublica, TTI is lauded for keeping its promise to put a low-emissions generator on the market after years of discussion about the deadly risks of carbon monoxide emissions on the portable generator consumer. The Consumer Protection Safety Commission ("CPSC") and the industry began discussions about implementing mandatory or voluntary standards in 2015. A year later, and still without any standards in place, TTI presented to the CPSC in 2016 an engine emitting 90% less carbon monoxide. In 2017, TTI launched its portable generator with the new engine into the market as the first company in the industry to do so.

To better achieve global expectations, TTI hired a Global Product Safety Director in 2017 to direct the development, implementation and maintenance of a comprehensive product safety and consumer product regulatory compliance policy and system to ensure conformity and drive continual improvement of the safety and regulatory function globally. Within our business units, we have teams who are responsible for the safety, quality and regulatory compliance of our products. All products are tested for safety and quality to make

sure they comply with all applicable requirements and that our customers are purchasing the safest and most innovative products on the market. Our internal legal departments manage the legal, regulatory and safety compliance of our products. Product recalls are referred to our legal teams, and together with the safety and regulatory departments, comply with regulations to manage the recalls until disposition.

TTI respects others' intellectual property rights and all applicable laws and regulations regarding fair competition and advertising. TTI's legal teams review packaging and products before production and launch to ensure such compliance.

In this age of cybersecurity attacks, TTI is especially diligent about the protection of our data, customers' data, as well as our employees' personal information. In 2015, TTI created the position of Group Senior Manager – Cybersecurity. The manager oversees heads of IT who monitor internal systems for each business unit globally. We also have a Cybersecurity Steering Committee comprised of the Group Senior Manager – Cybersecurity and members of senior management.

All systems in the company run anti-virus and anti-malware programs. We also have local firewall rules, file integrity scanning, and network level firewalls in place. We regularly send notices to all employees regarding attack and intrusion methods, such as email phishing and educate employees on things to be wary of and behaviors to avoid. For cloud-based services, we ensure that our agreements and practices are structured to protect TTI's and its customer's information.

Our Stance on Enforcing Anti-Corruption

TTI does not under any circumstances allow corruption or bribery in our interactions with others. We are committed to following all applicable anti-corruption and anti-money laundering laws of the countries in which we operate. Additionally, we may not make or receive bribes to or from commercial business partners, such as vendors or other parties, for the purpose of obtaining or retaining business or otherwise securing an improper business advantage.

The prohibitions of these laws apply not only to actions taken by us as individuals; they also apply to actions taken by any outside parties doing business on our Company's behalf. We have taken great steps internally to provide policies and procedures on how best to report and respond. In addition to Employee Handbooks, TTI has in place the Code of Ethics and Business Conduct, the Complaint Resolution Policy and Procedure and the Business Partner Code of Conduct. All employees are required to complete the TTI Code of Ethics and Business Conduct Training upon their hiring. The TTI Corporate Complaint Resolution Policy and Procedures outlines the manner in which concerns or complaints may be filed, and the manner in which they will be handled, including confidentiality, no-retaliation, types of inquiries, record-keeping and information rights.

TTI has established an independent complaint hotline whereby any person may contact the third-party operator to make a complaint or report information confidentially and anonymously. Alternatively, employees may also contact TTI's General Counsel. Complaints are then investigated by our internal audit team and corrective measures are taken accordingly.

At the end of 2017, TTI rolled out an online supplier compliance program through a company that delivers supply chain transparency services to support corporate sustainability, regulatory compliance and social responsibility initiatives. TTI suppliers receive an email invitation to login to the platform, to collaborate and verify compliance with TTI's supply chain policies.

In addition to the policies and the online supplier compliance program, we mandate in PRC each employee and each vendor to execute a Declaration of Non-Conflict of Interest. Furthermore, during new hire orientation, employees receive face-to-face training on the Employee Handbook. TTI is also a member of the China Enterprise Anti-Fraud Alliance.

Similarly, in Hong Kong, our employees review a New Employee Induction presentation, which outlines our policy and procedure on soliciting, accepting and offering advantages.

At TTI Canada, we have the TTI Code of Ethics and Business Conduct posters posted at each of our service centers and corporate office. We even commissioned a rendering of the "Our Core Values logo" to be installed at our corporate office as a reminder to employees.

Of the more than 35 countries where TTI is located, we have only had two concluded cases of corrupt practices against former employees in 2017. In one case, a former employee was sentenced to ten months in prison, while the other case is currently on appeal.

Investing in our Communities

TTI has a longstanding commitment to support the communities in which we live and work by providing resources, time and money to those charities where our efforts are best focused. Some of our business units have in place a formal committee, which is tasked with the selection of organizations that will allow its employees to give back to their communities and beyond. Other business units maintain sponsorship with the same charities year after year. However, those business units who sponsor community activities also evaluate new sponsorship opportunities through informal or formal means.

Throughout the year, TTI has partnered with more than 50 volunteer programs and charities worldwide, giving thousands of volunteer hours and hundreds of thousands of US dollars. Some of our business units allot a specific number of work hours or days for employees to volunteer at their favorite charity. Our employees choose a variety of organizations to support ranging from education, home building and child wellness to sports. Some of these activities are highlighted below.

The Next Generation

In Hong Kong, TTI donated US\$52,500 to the Scholarship for Future Stars – Upward Mobility Scholarship. The scholarships are given to youth from less privileged backgrounds. The scholarships fund the youths' education with the hope that through education, children will achieve upward social mobility.

Encouraging Science, Technology, Engineering and Mathematics (“STEM”)

STEM Forward – through volunteer efforts and financial donations, Milwaukee Tool supports STEM education and advancement in Wisconsin schools. Milwaukee Tool employees volunteer on robotics teams as mentors to high school students. Milwaukee Tool also sponsored “Girls in Stem Day” where time and tool contributions were both donated.

Building a Better Future

Our products serve as an avenue for giving those in our communities a place to call home. For years, TTI has been a proud sponsor of Habitat for Humanity. In the U.S., our employees volunteer their time to build homes in their communities and across their country. TTI continuously makes tool donations to Habitat for Humanity. Similarly, our Milwaukee brand tools and employee know-how assist with Operation Tiny Homes and Veterans Outreach of Wisconsin.

Children and Families

This year, the lower United States and Caribbean Islands were hit hard by Hurricanes Harvey and Irma. TTI employees donated US\$31,755 to the Red Cross and TTI promised to match employee donations and contribute an additional US\$50,000. TTI exceeded its initial contributory promise and, together with the employee donations, contributed US\$125,000 to assist children and families in the recovery efforts.

Support Through Activity

TTI Canada selects charity events that offer both a team-building opportunity for our employees and supports children's sport activities, such as baseball and hockey through monetary donations. Before the Christmas holidays, TTI participates in a team-building charity volleyball tournament that raises funds for the Hospital for Sick Kids in Toronto. TTI Canada also participates in CN Tower Stair Climbs to help the World Wildlife Fund, which tackles major conservation issues to help safeguard the habitats of hundreds of species and continues to make ground-breaking progress towards habitat sustainability.