

## MATERIAL TOPIC

# Ethics and Integrity

Maintains accountability and transparency in all aspects of our operations, both on and offline, safeguards our stakeholders and retains trust in our business.



## How We are Managing It

High ethical standards are core to TTI's culture and serve as the foundation for embedding sustainability in all aspects of our business. These standards are articulated in our Code of Ethics and Business Conduct (CoC) [link](#). The CoC serves as a guide for conducting business with openness in accordance with all legal requirements while stipulating how to manage conflicts of interest and insider information. This Code also provides guidelines on the protection of human rights, and is communicated to all employees at all our subsidiaries in 22 languages. Apart from the CoC, our operations are guided by several other policies that outline governance practices and expectations. These are included in our Employee Handbook and shared with employees globally, either through our e-learning platform or face to face. We ensure that information about our policies and details on how to report violations are also available in local languages at all work sites for those without computer access.

The principles outlined in many of our policies also apply to our business partners as set out in our Business Partner Code of Conduct

(BPCoC) [link](#). More details can be found in the Supply Chain Accountability section on p.36 [link](#) of this Report. A full list of TTI's policies and standards can be found on p.28 [link](#) and are also accessible on our corporate website [link](#). All policies are regularly reviewed to ensure compliance with laws and regulations.

## Compliance

The compliance function at TTI plays an essential role in setting our policies, training and interpretation of regulations. We have a robust program in place, monitored by management, internal audit and other risk management groups within the organization. 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, with local legal, finance and compliance departments assisting at the regional level.

An invaluable part of our compliance program is the Global Trade Compliance function, which is recognized by TTI's management team as vital to our success. This function supports

many TTI operations by screening potential business partners to ensure they are not denied, debarred or otherwise proscribed or embargoed by any relevant government. Global Trade Compliance also aids in mitigating risk by reviewing the procurement process of raw materials, to ensure they are not conflict minerals, and helping to identify regions known for forced labor and/or corruption. Our Global Trade Compliance Policy [link](#) explains the export/import control laws, regulations and economic sanctions that TTI and its suppliers must abide by. It also provides guidelines for establishing procedures and actions, including internal controls and training for maintaining compliance. More details can be found in the Supply Chain Accountability section on p.36 [link](#).

## Anti-Corruption

Our commitment to ethics and integrity is evident in our priority to embed anti-corruption and anti-money laundering practices across all our subsidiaries. The TTI Anti-corruption Policy [link](#) covers how we manage bribery prevention internally and externally, while also describing the procedures for evaluating our business for corruption risk and the

## GOALS

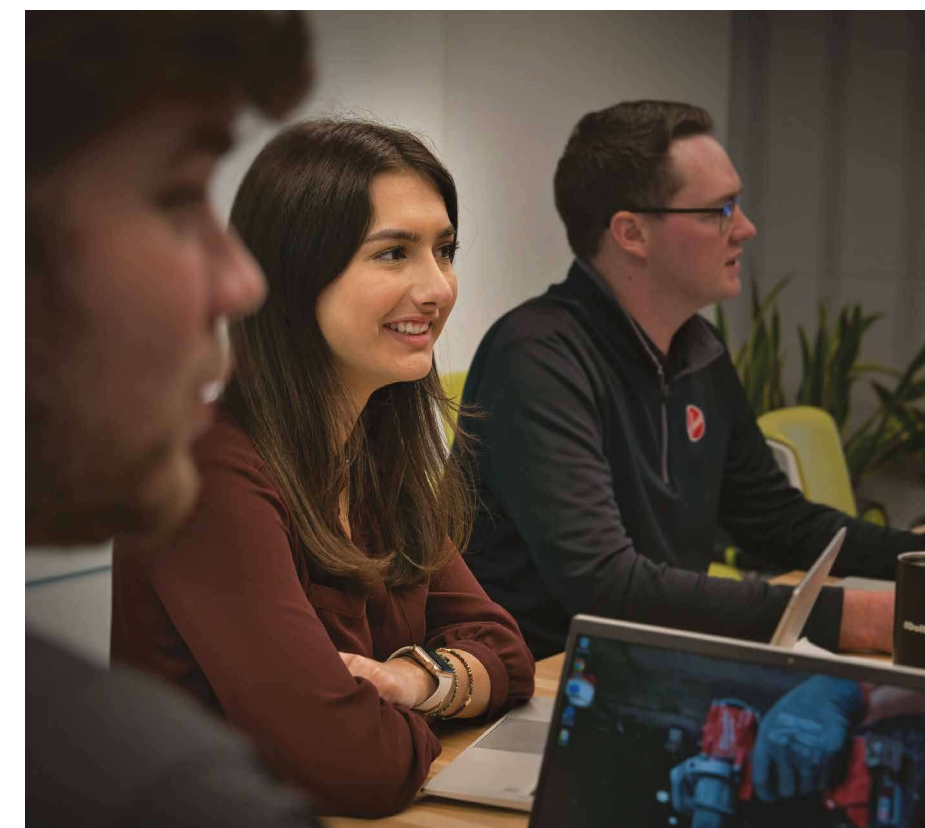
- Zero cases of non-compliance with international and local laws on corruption and anti-trust within TTI's group operations and supply chain
- Maintain business continuity and sustainable growth
- Minimize the risk of business disruption through cyberattacks by pursuing zero breaches or incidents
- Ensure full compliance with data privacy regulations: PIPL for mainland China, GDPR, California Consumer Privacy Act and others

## TARGETS

- All relevant staff trained on Code of Ethics and Business Conduct (CoC)
- Increase diversification and localization of manufacturing, warehousing and the supply chain across the globe
- Zero cases of leaks, theft or loss of customer and personal data
- All relevant colleagues trained on Intellectual Property and cybersecurity

penalties for non-compliance. The Policy and the accompanying 30-minute online training module provides guidelines on managing all aspects of business, receipt of gifts, meals and entertainment, Company-sponsored travel, political and charitable contributions, and ways of engaging business partners to minimize risk. TTI's internal controls for managing corruption include accurate accounting and recordkeeping. These help us to regularly monitor the effectiveness of actions in place to support our anti-corruption and anti-bribery efforts. TTI does not make any political contribution in any markets.

Periodic audits of these controls, completed either by an internal audit team or through an external third party, provide assurance that robust processes are being adhered to. Programs to verify compliance with anti-corruption practices extend from our operations to our supply chain. TTI follows a robust due diligence process to review potential business partners and monitor existing partners. More details can be found in the Supply Chain Accountability section on p.36 [link](#).



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 Reporting Guide Content Index on our website [🔗](#).

In addition to the above-described internal controls, we strive to discourage corrupt practices by continuing to be involved in non-profit cooperative organizations such as the China Enterprise Anti-Fraud Alliance (CEAFA). TTI has been a member of CEAFA since 2017 — to reinforce our commitment to business integrity. Along with our anti-corruption efforts, we also have an Anti-Trust Policy [🔗](#) that provides guidance on the legal and TTI-established rules on competition

and fair business practices. This Policy defines anti-competitive behavior in relation to customers and suppliers, with detail on consequences of non-compliance and methods of seeking advice and reporting violations.

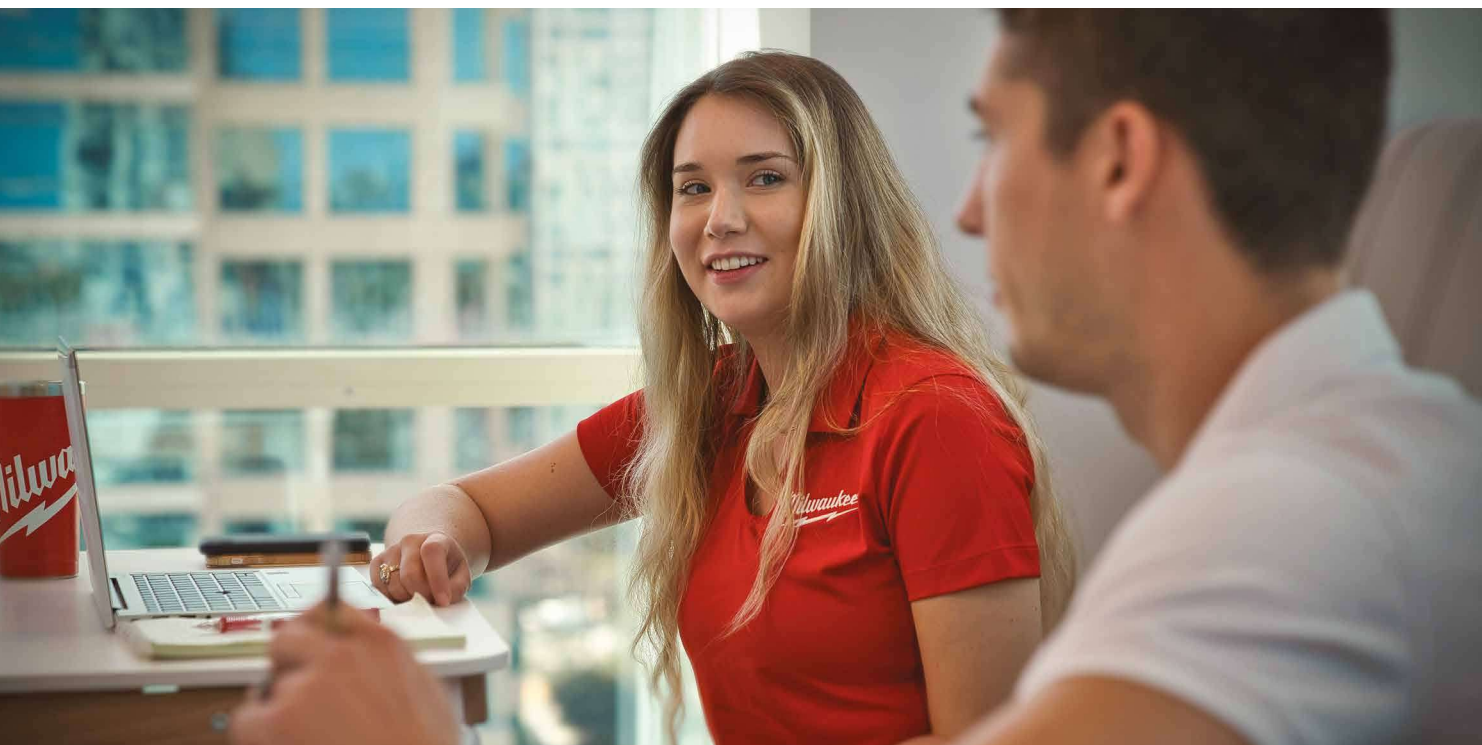
### Compliance Training and Communication

Proper communication and training are essential for achieving high standards. Regular training is conducted by our compliance and legal departments or external firms, delivered in-person or through our e-learning platform. 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 declarations. Additionally, suppliers are requested to sign compliance declarations as part of our Social and Environmental Responsibility (SER) Compliance Program described in the Supply Chain Accountability section on p.36 [🔗](#).

### Data Protection and Cybersecurity

Our governance initiatives extend to securing the integrity of our online data systems. We continue to meet all applicable legal requirements, including Europe's General Data Protection Regulation since 2018, and the California Consumer Privacy Act since January 2020. As the risk of data theft and cyberattacks increases, we have prioritized enhancing our global IT systems.



# 80%

## EMPLOYEES TRAINED ON DATA SECURITY IN 2021

Our cybersecurity practice implements measures to protect networks, computers, programs and data. These measures are also designed to safeguard TTI's products and our customer and employee data from unauthorized access or breaches. A significant role of TTI's cybersecurity practice is to stay abreast of high-profile security breaches in our industry, and understand the impact these have globally. Under the guidance of the Head of Cybersecurity, all of TTI's business units remain committed to implementing appropriate protection measures for any personal information we collect or that our customers share with us.

TTI's cybersecurity practice is managed by a global team of cybersecurity, IT, engineering, operations and legal experts. An Information Technology Steering Committee (ITSC), led by the Head of Cybersecurity, meets monthly

and is driven by executive-level leaders. The goal is to review metrics and evaluate emerging threats and risks to the business. To ensure a strong breadth of knowledge, the ITSC consults with external parties, such as computer security firms, to undertake audits and proactively address emerging risks.

### Continuous Improvement

Our goal is to continuously address cybersecurity scenarios in our resilience planning, document them through business continuity plans, and test our programs' reliability and ability to respond to threats through attack simulations. Cybersecurity conditions change daily and our program is designed to continually evaluate and evolve our security measures. The Head of Cybersecurity presents a semi-annual update to our Audit Committee on our progress. We are also active members of InfraGard, a partnership between the Federal Bureau of Investigation (FBI) and private sector members to protect United States Critical Infrastructure. Part of our continuous improvement is to train all relevant employees on data protection and cybersecurity risks. 80% of the relevant employees were trained in 2021. Additional trainings will be rolled out in 2022.

Management of Intellectual Property Rights (IPR), including patents, trademarks, logos, copyrights, software and trade secrets, also remains a key aspect of our security protocol. Our patent invention awards serve to consistently drive creativity within the Company. Given the value we place on innovative concepts

and discoveries, proper procedures outlining usage and protection from infringement by and of others is important. We continuously train employees to respect documentation of ownership and the IPR of others.

### Complaint Resolution

TTI encourages the reporting of complaints and concerns by employees, suppliers, customers or other concerned parties. We take the position that it is everyone's responsibility to ensure all violations are duly reported. Complaints can be made anonymously to our Group Vice President, General Counsel and Chief Compliance Officer directly or to human resources, legal departments, managers through a third-party operated compliance hotline, available 24 hours a day, 7 days per week. All complaints are treated confidentially and are then investigated as appropriate by our internal audit team, the legal or human resources departments or an independent third party. Remedial actions are taken as needed on a case-by-case basis. Detailed information about complaints and corrective measures are consistently reported to both the management teams and the Audit Committee. Our Complaint Resolution Policy and Procedure [🔗](#), provides details about our formal complaint resolution system, including reporting mechanisms, respecting confidentiality and step-by-step investigation procedures involving various departments. This policy articulates an employee's right to 'no retaliation' for complaints or cooperation made in good faith.



## ▶ KEY INITIATIVES AND PROGRESS IN 2021

### Code of Conduct

Employee training on our codes and policies remained an important initiative in 2021. Code of Conduct training was provided for all new hires through TTI's e-learning platforms or in person. In 2021, several face-to-face training sessions were conducted, particularly in regions considered to be of high risk. 90% of employees were trained on anti-trust and 90% of employees were trained on anti-corruption. During the year, relevant employees were also trained on trade compliance through both face-to-face sessions and our e-learning platform.

No confirmed legal cases of corruption, or monopoly practices were brought against TTI. On 24 November 2021 the Australian Competition and Consumer Commission (ACCC) commenced proceedings in the Federal Court of Australia alleging that Techtronic Industries Australia Pty Limited (TTI Australia) engaged in the practice of 'resale price maintenance' in breach of the Competition and Consumer Act 2010 (CCA). Resale price maintenance occurs where a manufacturer, or distributor, prevents, or attempts to prevent, independent retailers from advertising or selling products below a specified price. TTI Australia maintains that it has acted within the law at all times and denies that it has engaged in any conduct which contravenes the CCA. These proceedings are ongoing.

In the reporting period, a total of 23\* complaints were filed. These complaints were made through various channels including our

third-party operated compliance hotline, anonymous emails or calls made by TTI employees, management or suppliers, or made directly to TTI's Group Vice President, General Counsel and Chief Compliance Officer. All complaints were resolved in 2021 with the exception of three investigations which remain in progress. Of the complaints, 20 were from the Asia region and included two related to issues with a labor agency. Five were employment-related claims, one was an allegation of a defective product, three complaints were against suppliers or third-party vendors and two were claims of collusion. In addition, one case regarding the falsification of time cards, one violation of the Code of Conduct and one related to an individual who underwent investigations in 2019 and 2020 were reported. Four complaints of the 20 were found to have insufficient evidence and information, needing further investigation. In addition to the claims from Asia, one case related to bribery was reported in EMEA and one case of fraud was investigated in the USA.

### Data Security and Privacy

There were no complaints concerning breaches of customer privacy and data loss in 2021. To further enhance our security, the Global Cybersecurity team completed a Cybersecurity Gap Assessment against the National Institute of Standards and Technology (NIST) Cybersecurity Framework at all North American business units. Similar assessments in Asia and Europe are scheduled for 2022. The North American exercise consisted of a reassessment of the Managed Detection and



# ZERO

**COMPLAINTS CONCERNING  
BREACHES OF CUSTOMER  
PRIVACY AND DATA LOSS**



# 90%

**EMPLOYEES TRAINED ON  
ANTI-CORRUPTION IN 2021**

Response (MDR) Program that resulted in a re-design to align systems with the business, thereby empowering the Company and securing the technologies in use. The program was aligned with internal audit, legal, marketing, sales, procurement and HR teams. A unified global strategy was developed with executives through ITSC committee meetings. The assessment identified a need for a Global Cybersecurity Awareness Program with a global vendor selected based on all BU needs. This program slotted to launch in early 2022 is expected to meet and exceed previous regulatory deficiencies.

In 2021, TTI provided employees in Asia with training on data security and privacy-related risks and procedures. The objectives of this training were to enable employees to understand the data privacy laws and regulations in Hong Kong and how these may affect stakeholders. The training was also targeted at assisting employees in identifying information security threats and risks across different business functions and understanding the legal and practical consequences of non-compliance with data privacy requirements and data breaches. In addition, employees were given a broad overview of privacy laws in China, Singapore, Malaysia, Macau and the Philippines and a briefing on their role in maintaining compliance with applicable legal requirements related to data management.

## SPOTLIGHT

# Principles of TTI's Code of Conduct

## A Document Built to Last

TTI reaffirms our commitment to our Code of Conduct. Fundamentally, we are committed to: Doing the Right Thing, Treating Each Other with Dignity and Respect, Building Strong Relationships and Exceeding Customer Expectations. Due to continued expansion, our legal teams have continually engaged with this document and each time we entered a new market, we have worked with law firms to ensure our commitments were in compliance with all local laws and regulations. TTI's legal teams also keep a vigilant eye on evolving regulations and revise the Code to ensure compliance with any new laws.

The Code's durability has been maintained through a robust process to ensure the material issues that affect our employees and operations are identified and accounted for. TTI's Code of Conduct sets the Company's values and commits every employee to uphold these in all actions relevant to the Company. Relationships between employees, customers, suppliers, shareholders and the communities we serve are also covered by the Code. Today, over 30,000 TTI employees engage with and commit to the Code through our online Learn TTI platform, while the remainder learn and commit to it through a review of hard copies available in over 22 languages.

