

Risks and Opportunities

A thorough assessment of the risks associated with our eight material topics and the opportunities inherent in these risks informs our sustainability strategy. The table below outlines these risks,

opportunities and TTI's response to addressing these in order to meet stakeholder expectations and maintain business continuity.

Ethics and Integrity

RISK	<ul style="list-style-type: none"> Risk to business from geopolitical tensions and change in trade regulations
OPPORTUNITIES	<ul style="list-style-type: none"> Diversify operations and supply chains, promote sustainable practices across the value chain and further community development
RESPONSE	<ul style="list-style-type: none"> Ongoing efforts to source and produce goods closer to markets Reduced dependency on single suppliers within essential categories

RISK	<ul style="list-style-type: none"> Risk of non-compliance with international and local laws
OPPORTUNITIES	<ul style="list-style-type: none"> Foster a culture of ethical behavior and good governance across the value chain to enhance accountability and transparency
RESPONSE	<ul style="list-style-type: none"> Robust policies, training and compliance programs on ethics and anti-corruption Internal audit investigations and compliance hotline

RISK	<ul style="list-style-type: none"> Risk of breaches of data privacy and intellectual property, data loss and cyberthreats
OPPORTUNITIES	<ul style="list-style-type: none"> Protect TTI and customer information data, enhance TTI's systems and operational integrity and maintain stakeholder trust
RESPONSE	<ul style="list-style-type: none"> Data privacy and cybersecurity policies Robust training to all colleagues Global cybersecurity initiatives IP protection and enforcement process

Supply Chain Accountability

RISK	<ul style="list-style-type: none"> Risk to reputation and environment of not collaborating with partners to tackle the issue of responsible sourcing
OPPORTUNITIES	<ul style="list-style-type: none"> Establish partnerships to effect positive change across the industry and supply chain
RESPONSE	<ul style="list-style-type: none"> Membership to Responsible Business Alliance and other organizations (i.e. Responsible Mineral Initiative, Responsible Labor Initiative, the Better Mining initiative, The Mekong Club)

RISK	<ul style="list-style-type: none"> Risk of human rights violations and environmental non-compliance within the supply chain
OPPORTUNITIES	<ul style="list-style-type: none"> Build capacity and align our supply chain on human rights and environmental protection
RESPONSE	<ul style="list-style-type: none"> Investigations, compliance monitoring on ethics and human rights and participation in the Better Mining initiative Conflict minerals and cobalt procurement initiatives

RISK	<ul style="list-style-type: none"> Risk of not reducing Scope 3 GHG emissions in our supply chain Risk of disruptions in the supply chain due to increasing climate change-related risk (i.e. extreme weather events, impact on labor from increased heat and disease)
OPPORTUNITIES	<ul style="list-style-type: none"> Implement responsible production and consumption measures in the supply chain to reduce GHG emissions and build resilience to mitigate and adapt to climate change-related challenges
RESPONSE	<ul style="list-style-type: none"> Capacity building to enable suppliers to measure and reduce GHG emissions Renewable energy and recycling initiatives within the supply chain

Climate Change

RISK	<ul style="list-style-type: none"> Risk of not achieving environmental targets and the resulting financial, reputational and market access impacts Risk of non-compliance with environmental frameworks and regulations Risk of failure in the transition to electrification of energy end-uses
OPPORTUNITIES	<ul style="list-style-type: none"> Reduce absolute GHG emissions, implement energy efficiency programs, transition to renewable energy and electric vehicles
RESPONSE	<ul style="list-style-type: none"> Energy assessment conducted at all manufacturing sites in China and other locations in 2021 with an established energy reduction action plan up to 2030 Scope 1 and 2 target setting Developing plans to mitigate physical and transitional climate risks

RISK	<ul style="list-style-type: none"> Risk of non-compliance with climate-related frameworks and regulations
OPPORTUNITIES	<ul style="list-style-type: none"> Align climate action and disclosure with climate-related frameworks and regulations
RESPONSE	<ul style="list-style-type: none"> Climate action and disclosure training for relevant colleagues Reporting metrics for climate action and compliance with related frameworks

RISK	<ul style="list-style-type: none"> Risk of physical damage to assets from climatic events that could lead to business disruption
OPPORTUNITIES	<ul style="list-style-type: none"> Develop adaptation strategy to future-proof the business for operational and supply chain resilience to boost TTI's competitive advantage
RESPONSE	<ul style="list-style-type: none"> Climate resilience strategy development Industry and NGO partnerships that address climate impacts

Resources, Material and Waste

RISK	<ul style="list-style-type: none"> Risk of resource scarcity leading to high commodity pricing and sourcing difficulties
OPPORTUNITIES	<ul style="list-style-type: none"> Adopt measures to reduce the use of scarce resources and apply circular business models focused on recycling materials, and parts harvesting and refurbishment
RESPONSE	<ul style="list-style-type: none"> Water reduction target for TTI AIP, and reuse initiatives and audit Recycling partnerships: Call2Recycle®, Envirostream and others Responsible raw materials procurement initiatives and partnerships

RISK	<ul style="list-style-type: none"> Risk of pollution and subsequent reputational damage from mismanagement of waste and resources
OPPORTUNITIES	<ul style="list-style-type: none"> Adopt a circular approach to resources and waste through technological advances
RESPONSE	<ul style="list-style-type: none"> Waste management initiatives and training across the value chain Expansion of our repair and refurbishment program

RISK	<ul style="list-style-type: none"> Risk of environmental and ecological impact, including ecosystem degradation and species loss from processes in the value chain
OPPORTUNITIES	<ul style="list-style-type: none"> Contribute to biodiversity restoration through partnerships with NGOs
RESPONSE	<ul style="list-style-type: none"> Monitoring of biodiversity impacts Partnerships with environmental NGOs such as African Parks

Sustainable Products

RISK

- Risk of not making true progress in managing environmental impacts of products
- Reputational damage from wasting resources

OPPORTUNITIES

- Share credible information with consumers to encourage demand for sustainable products and end-of-life management

RESPONSE

- Partnerships for refurbishing power tools
- Checklists to provide guidance on the principles of sustainability and circular economy

RISK

- Risk of not meeting consumer demand for sustainable products
- Risk of non-compliance with mandatory energy efficiency labeling schemes

OPPORTUNITIES

- Research and development of new technologies, recyclable and biodegradable materials and eco design products
- Enhance responsible sourcing in the whole supply chain

RESPONSE

- Investment in clean technology products
- Development of new business model through Factory Outlets
- Partnerships for responsible sourcing

RISK

- Risk of pollution (noise, water, air and chemical) impacting health and environmental quality

OPPORTUNITIES

- Reduce environmental impact and pollution through innovation and sustainable design

RESPONSE

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

Empowering People

RISK

- Risk of human and labor rights violations and non-compliance with international and local labor laws

OPPORTUNITIES

- Maintain respectful workplaces for people to thrive

RESPONSE

- Compliance hotline
- Human rights policies and training on modern slavery and human trafficking
- Engagement in initiatives to promote human rights

RISK

- Risk of not having sufficient skilled and experienced human capital to support current business growth

OPPORTUNITIES

- Retain the best talent for the long-term

RESPONSE

- Professional development opportunities and competitive compensation and benefits packages
- Youth development programs and internships

RISK

- Risk of reputational damage for not being a diverse and inclusive employer, impacting productivity and business success

OPPORTUNITIES

- Benefit from diverse thinking, methods, values and perspectives

RESPONSE

- Diversity & Inclusion (D&I) and equal opportunity training
- D&I committees to champion initiatives

Health, Safety and Wellbeing

RISK

- Risk of safety hazards for employees at manufacturing sites resulting in injury or fatality

OPPORTUNITIES

- Further develop fair, safe and healthy workplace practices at TTI and along the supply chain

RESPONSE

- Occupational health and safety (OHS) training
- Monitoring of OHS programs by Health & Safety (H&S) committees

RISK

- Risk of physical and mental health issues for employees and the community

OPPORTUNITIES

- Enhance and support physical and mental wellness of employees

RESPONSE

- Expansion of wellbeing programs including mental health initiatives

RISK

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

OPPORTUNITIES

- Innovate product design to enhance user experience with improved safety attributes
- Improve quality and customer satisfaction

RESPONSE

- Product safety prioritization and training
- Product safety policies and committees

Community Investment and Engagement

RISK

- Risk to reputation of not being engaged in industry initiatives or from not supporting local community needs

OPPORTUNITIES

- Make a positive impact on the community through volunteering and donations

RESPONSE

- Programs focused on pandemic and poverty relief, eradicating modern slavery, home-building, environmental and disaster relief

RISK

- Risk of not meeting expectations of customers and employees

OPPORTUNITIES

- Support work of NGOs and establish partnerships

RESPONSE

- Partnerships with NGOs that benefit local communities (e.g. Habitat for Humanity)

RISK

- Risk of underdevelopment and stagnation in communities impacting business continuity

OPPORTUNITIES

- Engage employee and customers across our global network in community building

RESPONSE

- Asian University for Women Internship Program, educational initiatives for young people
- Community programs across markets