

Material Topic

CLIMATE CHANGE

By assessing how our business activities influence climate change, we can formulate a strategy that focuses on managing GHG emissions, reducing energy consumption, and collaborating with international partners.

GOALS AND TARGETS

- Reduce Scope 1 and 2 GHG emissions by 60% by 2030, compared to our 2021 baseline
- Mapping Scope 3 emissions
- Ensure full compliance with climate-related frameworks and regulations
- Increase renewable energy use

PROGRESS

- Reduced absolute Scope 1 and Scope 2 baseline emissions
- Disclosing Scope 3 mapping results
- Solar panels installed at key sites
- 11% of energy is sourced from renewable sources

RISKS	OPPORTUNITIES	RESPONSES
• Not achieving environmental targets and the resulting financial impacts • Failure to transition to clean, renewable energy sources	• Implement energy efficiency programs, transition to renewable energy, and implement fleet decarbonization strategies	• Conducting energy assessments at all key sites across the Group and establishing an energy reduction action plan • Implementing Scope 1 and 2 reduction initiatives • Completed mapping of Scope 3, excluding product-related categories • Developing plans to address physical and transitional climate-related risks
• Non-compliance with climate-related frameworks and regulations	• Align climate action and disclosure with climate-related frameworks and regulations	• Implementing climate action and disclosure training for relevant associates • Reporting metrics for climate action and compliance with related frameworks and regulations
• Physical damage to assets from climate-related events that could lead to business disruption	• Develop a strategy for operational and supply chain resilience to climate-related physical risk	• Collaborating with industry and NGO partners to address climate action



VALUE CHAIN

- Suppliers
- Operations
- Customers
- Community

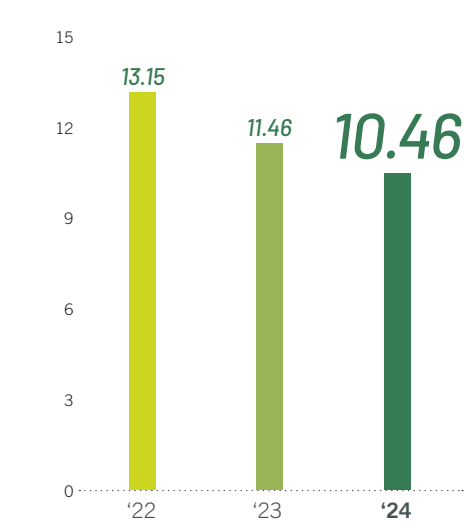
How We Are Managing It

To effectively address our impacts on climate change, it is essential to develop and implement a comprehensive plan aimed at reducing our carbon emissions. We have made steady progress in our Scope 1 and 2 emissions reduction strategies while continuing to map our Scope 3 emissions. Although this process is ongoing, we are disclosing preliminary Scope 3 mapping results for the categories most relevant to our business. These results can be found in the Performance Metrics section of the report.

Our approach is holistic, drawing upon research, science, technology, and current market conditions. We conduct energy audits at all material Group sites and develop energy reduction action plans based on our findings. Additionally, we have established strategies that tackle both physical and transitional climate risks.

To ensure compliance within our workforce, we provide training on climate action and disclosures to all relevant associates. We also ensure adherence to the applicable frameworks and regulations related to climate action reporting metrics.

Total Scope 1 and 2 GHG Baseline Emissions Intensity (tCO₂e per sales revenue, US\$ million)



Emissions and Energy

Our approach to addressing our climate impact focuses on two essential actions: assessing our carbon footprint and reducing emissions within our operations. In alignment with the Paris Agreement’s objective of limiting global warming to 1.5 degrees Celsius above pre-industrial levels, TTI is committed to managing our emissions and energy. This includes our manufacturing processes, transportation, offices, service centers, and the entire value chain, all of which play a role in contributing to the generation of air and greenhouse gas emissions.

Our emissions primarily come from three main sources: the combustion of fossil fuels in manufacturing processes, vehicle operations, and machinery; the purchasing of heating, cooling, and electricity; and refrigerant gases. The contribution of refrigerants, or fluorinated gases, to our emissions inventory is minimal, primarily associated with our high-quality Heating, Ventilation, and Air-Conditioning (HVAC) systems throughout our facilities.

Our energy strategy comprises of four key areas:

- Energy efficiency
- Renewable energy production
- Renewable energy procurement
- Fleet decarbonization

To optimize energy efficiency, we proactively perform maintenance of HVAC systems and building management systems. This includes adjusting lighting levels based on occupancy and natural light availability, employing LED lighting, and using energy management systems. Renewable energy generation and procurement play a central role in our energy management approach.

▶ KEY INITIATIVES AND UPDATES

- 11% of our overall energy consumed is derived from renewable sources
- Zero non-compliance incidents related to air emissions regulations
- Our total energy consumption in 2024 amounted to just over 590,000 mWh. Although this is an increase from 2023, we continue to increase our renewable energy consumption

Renewable Energy Procurement

We actively procure renewable energy both on and offsite, securing accredited agreements for Australia, China, the U.S. and across Europe which complements our onsite renewable energy initiatives that are currently in place. In Australia, four of our sites have transitioned to 100% renewable energy, certified by Greenpower. Our MILWAUKEE Wisconsin sites, including the hand tool factory in West Bend, WI, are also sourcing green energy. For the regions of Europe and the Middle East (EMEA), several facilities procure green energy from renewable sources, including our facilities in the UK, Switzerland, Central Europe, Germany, and more. For sites not yet utilizing renewable energy, we plan to take the following steps:

- Review solar panel installation opportunities
- Switch from standard grid to renewable energy usage
- Review Power Purchase Agreements / Virtual Power Purchase Agreements / Direct Power Purchase Agreements

As part of our decarbonization and energy management strategy, we are utilizing onsite renewable energy across our operations. Our Asia Industrial Park facility is installing solar panels at their facilities to optimize energy consumption. Additionally, we have assessed various offsite renewable energy procurement options, including Power Purchase Agreements, green tariffs, green procurement, and renewable energy certificates, to further enhance our energy management efforts.

Phase one of the solar panel installation was successfully completed in early 2024. These panels, covering approximately 60% of the entire facility, are projected to deliver a total energy savings of 309,575,827 kWh over the next 20 years. In 2024 alone, the facility generated 4,000,000 kWh.

Saigon High Tech Park

Our new MILWAUKEE campus in Vietnam officially opened in May 2024, achieving a distinguished Leadership in Energy and Environmental Design (LEED) Gold level certification. This recognition highlights its sustainability features, including an integrative design process, sustainable site and transportation considerations, energy and water efficiency measures, sustainable materials and resources, as well as a focus on indoor environmental quality.

185,918 tonnes

Total GHG emissions (Scope 1 and 2) of carbon dioxide equivalent (tCO₂e)

-9%

Reduction of Baseline Scope 1 and 2 GHG emissions intensity

4,397

tCO₂e reduction in absolute baseline Scope 1 and 2 GHG emissions

Energy Audits

Energy audits play a crucial role in our energy management strategy. We have carried out these audits at our key locations worldwide, including China, Europe, the Middle East, as well as Central, North, and South America (the Americas). The audits examined the utilization of alternative energy sources and identified energy-saving opportunities. The findings revealed quick payback measures and significant savings potential through evaluations at individual manufacturing facilities. This process involved site inspections to analyze operations, machinery support, and maintenance practices. Some of the findings suggested improvements to lighting, HVAC systems, equipment and machinery, process energy consumption, and renewable energy opportunities.

In response, we are seeking renewable energy to power our facilities by actively engaging with trusted utility partners to explore clean electricity options for our operations.

Localization

To bolster resilience against global disruptions, we are reducing reliance on single sources and enhancing our adaptability to regional market demands by diversifying and localizing our manufacturing and supply chains. This strategy entails sourcing and producing goods closer to their respective markets, which minimizes extensive transportation needs and associated emissions. By engaging with local suppliers, we also strengthen our relationships with emerging markets.

The Group's largest supplier, along with the next five largest suppliers based on the volume of goods and services provided, represented approximately 5.4% and 17.3% of the Group's total purchases, respectively (excluding purchases of items of a capital nature).

Our objective is to partner with businesses worldwide to raise environmental and safety standards throughout our value chain. In doing so, we actively support the development of local communities, positively impacting their economies, living conditions, and educational opportunities.



Building Standards

To improve our business's environmental impact, we have introduced a range of initiatives to enhance the environmental performance of our buildings. They include, preventive maintenance and monitoring systems, installing LED lighting equipped with timers and motion sensors, managing water usage, implementing efficient chilled water systems, and using ENERGY STAR low NOx condensing boilers.

LEED is a respected and widely adopted green building rating system that incorporates the WELL Building Standards alongside various sustainable construction criteria. WELL operates as a performance-based system for evaluating, certifying, and monitoring environmental attributes and their impacts on human health. The following are examples of the building standard certifications and awards that our locations have earned over the years related to LEED, WELL, and other building rating systems:

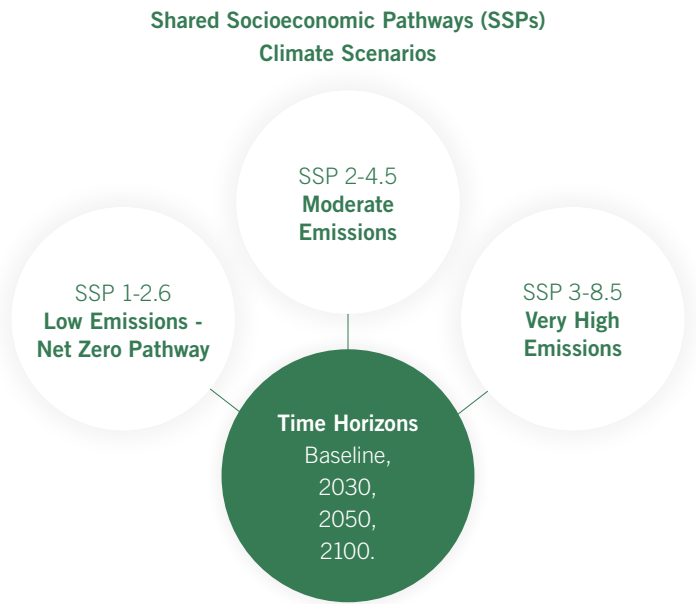
- Fort Lauderdale, Florida, USA
 - » LEED – Gold Level certificate
- Kowloon, Hong Kong
 - » LEED – Gold Level certificate
- Toronto, Canada
 - » TOBY Building of the Year
 - » BOMA Best Platinum
 - » ENERGY STAR
- TTI Vietnam Deutsches Haus Ho Chi Minh
 - » DGNB – Gold Level certificate
 - » LEED – Platinum Level certificate
- TTI Vietnam Saigon Hi-Tech Park Project
 - » LEED – Gold Level certificate
- Greenville, South Carolina, USA
 - » ENERGY STAR certification from the U.S. Environmental Protection Agency (EPA)

Climate Risk and Analysis

To gain a comprehensive understanding of the climate-related challenges TTI faces, we conducted an updated physical climate risk assessment and scenario analysis in 2024. This involved examining both transition and physical risks that could impact critical locations, equipping us with insights into our risk management and strategic planning processes. We adopted best practices for the analysis by collaborating with experts in the field, aligning with HKEX’s “Guidance on Climate Disclosures” (November 2021), and following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The physical climate risk analysis was conducted on 46 of our key sites across geographical markets in China, Vietnam, Mexico, United States, United Kingdom, Germany, Slovenia, Czechia, Canada, and Australia. This examination involved modeling the potential consequences of ten climate hazards within the framework of three distinct climate scenarios.

Exposures to hazards were analyzed across three Shared Socioeconomic Pathways (SSPs) climate scenarios aligned with assessments by the Intergovernmental Panel on Climate Change in their Assessment Reports, and across several time horizons.



Climate Risk Analysis Results

TTI carried out financial analyses at both the portfolio and asset levels to assess potential financial losses resulting from physical asset damage and possible business interruptions (i.e. operational losses). We ranked and prioritized markets and specific assets based on their financial Climate-Value-at-Risk to us. Our initial analysis revealed that within the identified portfolio, we face the highest exposure to acute climatic events like typhoons, storm surges, and flooding caused by rainfall. Consequently, chronic events like extreme heat could also impact us.

A transition risk analysis assesses the risks and opportunities associated with the shift toward a low-carbon economy. This analysis was conducted

under the following climate scenarios published by the International Energy Agency (IEA):

- Net Zero Emissions by 2050 Scenario (NZE), which is a stringent pathway; and
- Stated Policies Scenario (STEP), which is a business-as-usual pathway

Government policies, the economy, and technology trends were reviewed to identify a list of transition risks and opportunities. They were further prioritized according to their impacts on our business, and operations and are shown below:

OPPORTUNITIES

- **Advancements in technology** – increased demand for low-carbon, energy-efficient products, electrification, and switching to low-carbon sources
 - » Higher energy prices will drive demand for electric powered products
 - » Households will continue to rely less on oil and gas to meet their energy needs

RISKS

- **Market** – increased price for raw materials such as lithium; as well as increased price for low carbon packaging materials
 - » Potential to increase the costs of production
- **Market** – increased price for electricity
- **Policy & Legal** – increased number of disclosures related to sustainability, carbon, EHS, and other ESG related topics
 - » Potential to increase the operational costs of compliance
- **Policy & Legal** – increased exposure to ESG-related litigation
 - » Potential to increase legal costs related to ESG

Knowing these risks and opportunities, we continue to make strategic adjustments to our operations to mitigate the risks and capitalize on the opportunities. While we are aware of the above risks, we do not see any as immediate; whereas, our opportunity to capitalize on the market’s demand for low-carbon, energy efficient products is a key part of our strategy.