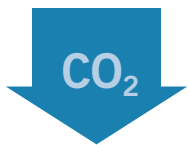


# Environmental, Social and Governance Report

## 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

 **39**%  
 **32**%

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

## Overview

Our mission statement of “Powerful Brands – Innovative Products – Exceptional People – Operational Excellence” is truly what drives the sustainable evolution of our business. TTI’s commitment to sustainability is affirmed by focused efforts to ingrain environmental, social and governance (ESG) factors within our business culture, through our employees and with our outside partners. We believe in a sustainable business that emphasizes our exceptional people and products, while responsibly managing our environmental footprint and improving social conditions in our supply chain and in the communities where we do business.

This report highlights the ESG initiatives of TTI’s global business units. We have operations in 41 locations around the world, which vary in size from having thousands of employees to only a few. Manufacturing, research and development, sales and marketing, and administrative duties are all conducted in our Asia, Europe and United States locations. Our locations in Canada and Australia/New Zealand operate as sales and marketing and administrative offices. Information has been collectively gathered from our facilities in North America, Europe, Asia and Australia/New Zealand to present our policies and performance. Through this report, we strive to help investors and other stakeholders understand how we approach ESG issues, what we are doing in these areas and what we can do better to further sustainability in our own operations and the supply chain through internal and external change.

## ESG Management

This year, TTI established an ESG Working Committee to advance a long-term cohesive sustainability strategy. The ESG Working Committee will assist TTI and its Board of Directors to identify ESG risks and assess whether these ESG risks are principal risks for the business and the Company. By recognizing environmental and social issues, risks and opportunities associated with business operations, the ESG Working Committee is developing a sustainability strategy to unify our processes, not only at the business unit level, but at a corporate level. Our ESG Working Committee is chaired by the Chief Compliance Officer and consists of members representatives of varying company functions from each business unit across the globe.

## How our Businesses View their Contribution to ESG

TTI is developing global key performance indicators (“KPIs”) and targets as part of its sustainability strategy. To understand local strategies and targets, the ESG Working Committee asked TTI’s businesses to identify their ESG risks, concerns, strategies, achievements, areas for improvement, and challenges to better gauge how TTI can improve its sustainability initiatives to positively impact each of our regions and collectively, TTI. The main risks and priorities identified are the environmental impact of our manufacturing operations, our products and managing our footprint, as well as the environmental and social impact and risk within our supply chain. By proactively and responsibly managing these risks, we seek to create opportunities through engaging our stakeholders to improve performance in our operations and supply chain.

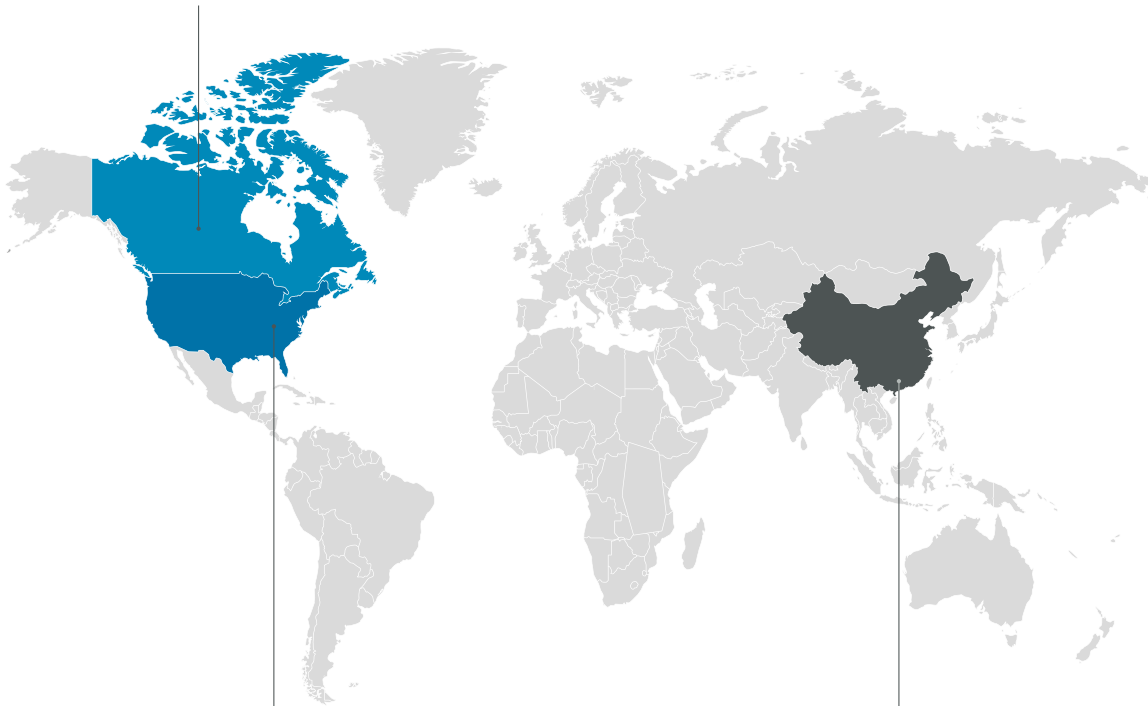
## Regional ESG Achievements

**TTI Canada:** At TTI Canada, we are most proud of our Exceptional People, Operational Excellence and Commitment to the Communities in which we do business. The foundation of our organization is its people. At TTI Canada, we invest heavily in developing current and future leaders through recruitment, training and recognition programs. That investment in development, combined with a strong promote-from-within culture leads to strong, effective leadership, which keeps our company strategically focused on facing often unpredictable market forces.

Execution is the other side of the innovation coin. Without it, ideas remain ideas. At TTI Canada, we are passionate about being the very best in every aspect of our operation. We closely examine every detail from design engineering to supply chain logistics to eliminate waste

and improve productivity. Our operational teams have driven scalability utilizing our resources at a global level. In Canada, our business has grown by an astounding 55% since 2008. This tremendous growth has been fueled by hiring and retaining the best people.

At TTI Canada, we believe that “exceptional people drive exceptional results”. We also believe that to be an “exceptional company” we must support and give back to the communities in which we work. We survey employees to identify charities for engagement, with a focus on ones that have a team building component. To that end, TTI Canada employees have been walking, riding, stuffing stockings, climbing stairs, playing volleyball, working on construction sites, donating and participating in events to support a number of national and local charities.



**TTI FC NA:** We contracted with an electronics recycler to recycle all electronic components of returned/scrapped units. This includes all batteries, power cords, power adapters, etc., in addition to computer monitors and televisions. In Cookeville, TN we developed a Behavior-based Safety Program to observe and communicate with employees one-on-one concerning safe and unsafe behaviors.

**TTI AIP:** We have been awarded “Certificate of Green Supply Chain with 4 Stars” and “Manufacturing and Industrial Services (Certificate of Merit) under the Sectoral Awards of Hong Kong Awards of Environmental Excellence.

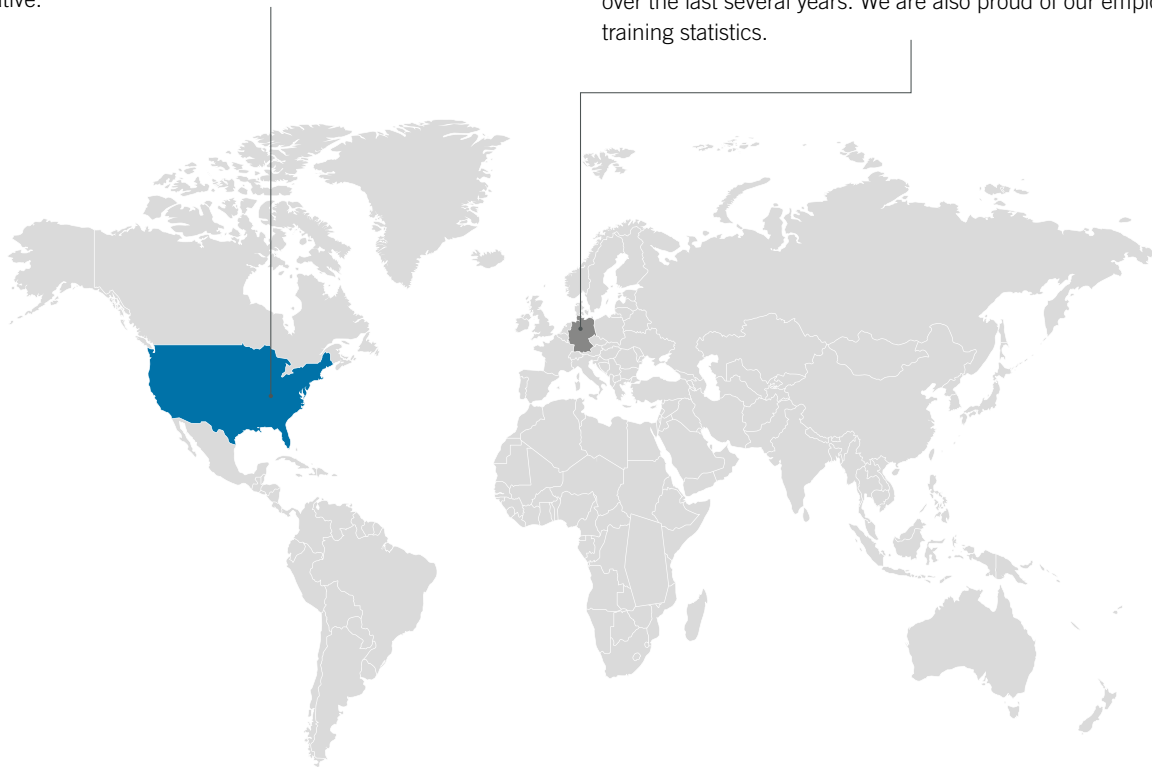
## Regional ESG Achievements

**TTI PE:** We are contributing to the Anderson and Pickens Community by aggressively addressing legacy environmental issues created by previous owners of properties. All issues are currently contained and cleanup is well underway, including the 1,360 tons of soil removed and 338 gallons of groundwater treated in 2017. Also, TTI PE holds annual dinners for first responders in the community and provides other support. Our local charity budget is \$42,000 (tools and monetary). TTI PE recently led the industry in developing and introducing low-CO<sub>2</sub> emission generators and has received praise and recognition from the United States Environmental Protection Agency for this initiative.

**Royal Appliance International GmbH:** For the third year in a row, we have kept our heating costs low in the warehouse as a result of an agreement with the landlord to install an environmentally-responsible and highly-efficient heating system.

**TTI GmbH:** Performed a third-party energy audit and completed an economical assessment of improvement opportunities.

**DreBo:** Implementing continuous improvements and control mechanisms to our active employee health and safety process, has drastically reduced the amount of work place accidents over the last several years. We are also proud of our employee training statistics.



## Improving ESG Performance

**TTI Canada:** We strive for continuous improvement in all areas of our business. We do this by engaging both our employees and suppliers in surveys to ensure we are meeting the demands of our people and community.

**TTI FC NA:** We conduct a formal greenhouse gas (“GHG”) emissions study of our manufacturing facility in Cookeville, TN and are developing an appropriate plan to reduce or eliminate where possible GHG emissions.

**Empire:** We seek to have a stronger contractor management program and stronger evacuation plan for employee attendance.

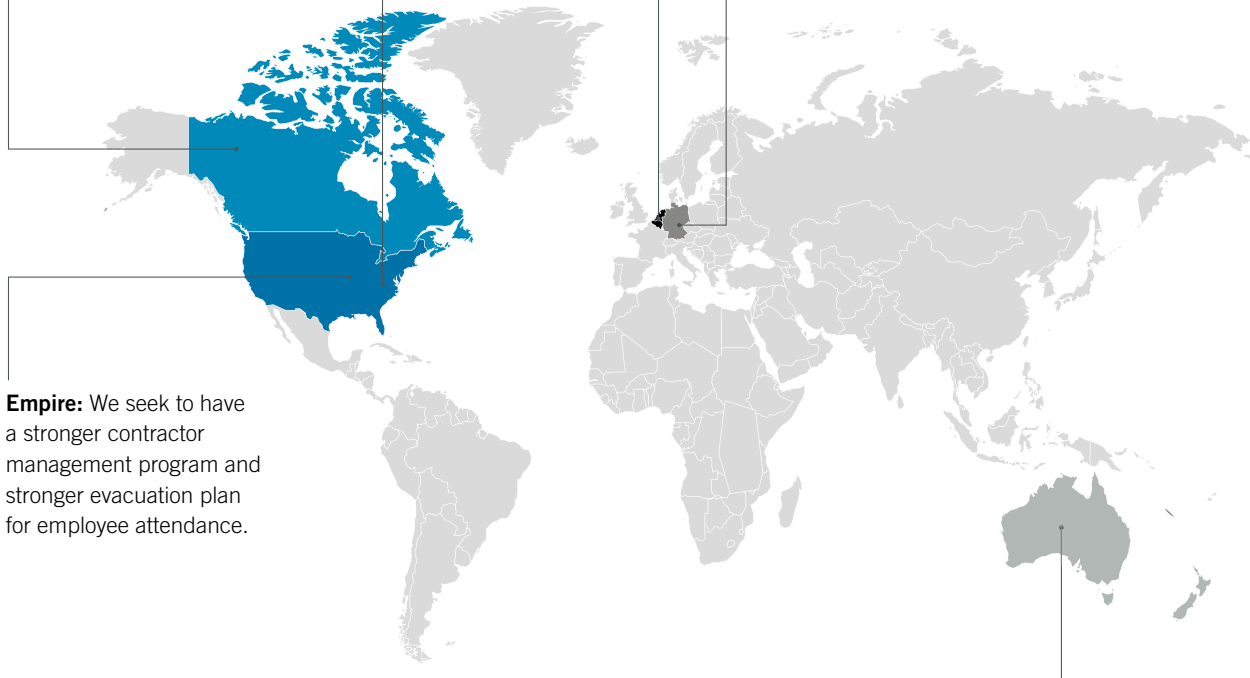
**TTI Benelux:** We look to motivate employees to choose E-company or hybrid company cars to reduce CO<sub>2</sub> emissions.

**Royal Appliance International GmbH:** Improve the lighting system within the building and warehouse.

**TTI GmbH:** Renovation and energetic remediation of the Quality/Reliability testing area and installation of solar panels.

**DreBo:** Analyze our energy consumption and savings potential through energy efficient lighting, insulation, and other means.

**TTI ANZ:** Opportunities exist to capture existing data from initiatives, as well as develop some low-cost/high impact involvement across community involvement and environmental impact.



## Environmental

### Managing our Environmental Footprint

As an industry leader and a globally-recognized business, TTI is committed to managing our operations responsibly, conserving resources and minimizing our environmental footprint. We owe it to the communities we serve and the planet we inhabit to do the right thing. We are therefore committed to upholding environmental laws and regulations and reducing environmental impact through our established resource management, reuse and recycling policies and through the design of our products and facilities. TTI promotes sustainable practices in all our operations and our environmental priorities include:

- Preventing pollution
- Conserving energy and natural resources
- Reducing emissions and discharges
- Minimizing waste and increasing reuse and recycling
- Safely using and disposing of hazardous materials and waste
- Development of environmentally-sound alternatives
- Preventing accidents
- Being an industry leader in encouraging the migration from older technologies to newer, more environmentally-efficient technologies, including:
  - o Leading the industry on the development and introduction of low CO<sub>2</sub> generators which have been praised by the US Environmental Protection Agency
  - o Leading the industry in the adoption and expansion of cordless lithium battery technology, which reduces the use of NiCd and NiMH batteries and gas-powered products.

The environmental aspects of TTI's manufacturing operations predominantly involve exhaust gas, noise, hazardous material and waste management, and resource and energy consumption. All of TTI's operations implement environmental policies and procedures to meet laws and regulations and we identify our environmental risks and take precautions against environmental accidents. In 2017, TTI was in compliance with the applicable laws and regulations with the exception of our operations in Zhuhai, which received administrative penalties (including fines totaling US\$62,756.56) due to non-compliance with local environmental laws. The nature and extent of the incident is not significant, nor material to TTI's business and operation in the PRC. TTI has worked closely with the local environmental bureau to implement measures to rectify the situation to ensure full compliance. To deliver sustainable value to our employees, customers and business partners, we are mindful of our role in protecting the environment, and do so by implementing policies and onsite systems, and conducting periodic audits and regulatory inspections at our production and distribution facilities.

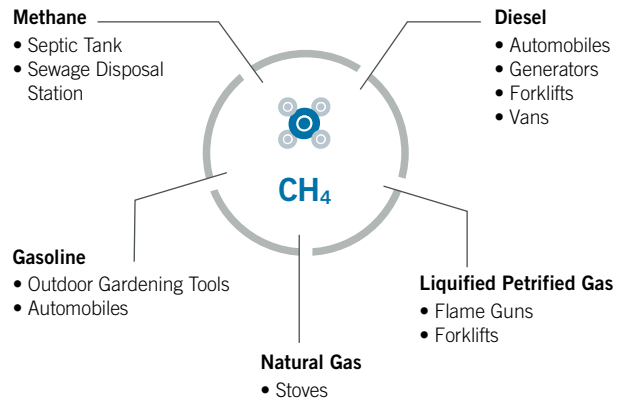
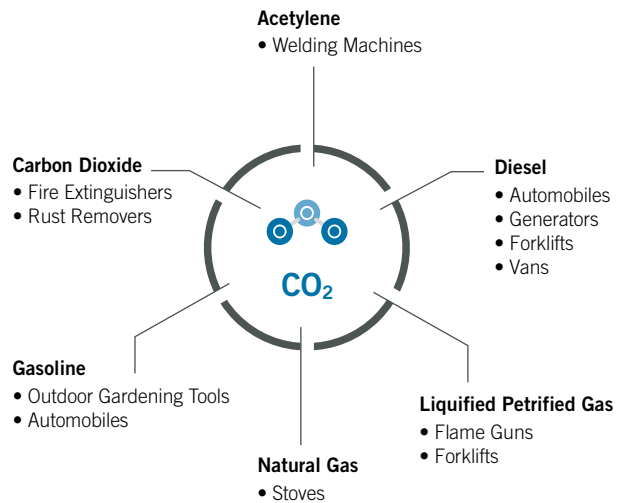
We adopt best practice standards with a relentless focus on improvement through our quality and hazardous substance management systems (i.e. ISO9001 and QC080000), striving to produce defect-free products. Annual investments are made to improve the environmental performance of our facilities, which ensures that our operations not only meet the requirements of laws and regulations, but also the expectations of our customers. We are also sharpening our focus on environmental management, setting objectives and targets, and raising the awareness and skills of our people, with further overall improvement planned in the future.

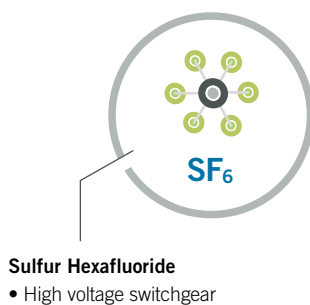
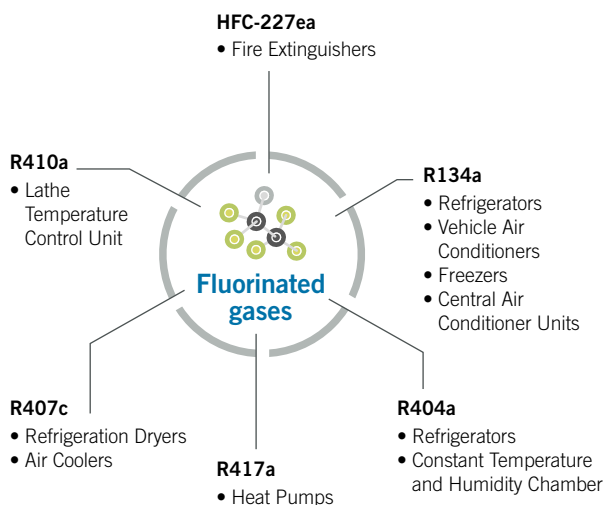
### Management of Air Emissions

TTI determines which aspects have and can have a significant impact on the environment, thus providing the basis for establishing emission objectives and targets. Where possible and measurable, TTI monitors, measures and retains proper documented emission information to analyze and evaluate the results. Throughout TTI's business, GHG emissions arise from energy consumption for our electricity and heating, our transportation and our manufacturing processes. Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (NO<sub>2</sub>) are emitted from cars, trucks and other small machinery and from combustion processes to generate electricity for manufacturing, lighting and building management systems and heating and cooling. Fluorinated gases, such as HCFC-22, R-410a and R-404a are also consumed as refrigerants.

TTI AIP in Dongguan, PRC is TTI's largest facility and largest manufacturing operation. To assess and manage GHG emissions including data collection, manual establishment, reporting and auditing, the departments of Quality System Assurance ("QSA") and Environmental Health Safety ("EHS") work together. Together, QSA and EHS quantify and analyze GHG emissions annually and against previous years to identify opportunities to further energy conservation and emission reduction in the future.

Scope 1 direct GHG emissions, include:





**Scope 2** indirect GHG emissions arise from purchased electricity.

**Scope 1 and Scope 2** GHG Emission, Production Value and Intensity Data for TTI AIP<sup>1</sup>:

<b>Annual Total GHG Emissions (tonnes of CO<sub>2</sub> equivalent)</b>	<b>58,706.59</b>
Annual Scope 1 GHG Emissions (tonnes of CO <sub>2</sub> equivalent)	6,778.93
Annual Scope 2 of Indirect GHG emissions (tonnes of CO <sub>2</sub> equivalent)	51,927.66
Production Value (million USD)	US\$1,759.44
Intensity (tonnes of CO <sub>2</sub> equivalent per million USD)	33.37

We are working to globally collect the GHG emissions from all our business units to provide a more comprehensive reporting of our emissions in total and in intensity. While TTI currently is not consistently tracking GHG emissions at every location, we have made significant strides in implementing measures to mitigate emissions. For example, our business units have taken the following measures:

- TTI Canada has moved away from V8 engines in pickup trucks to more efficient V6 engines. This has conserved 81,000 litres of fuel on an annual basis and reduced sulphur oxide (SO<sub>x</sub>), CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O by 7%.
- TTI PE installed new energy-efficient heating systems in the recent construction of its distribution center and is installing energy-efficient heating systems to its new office, which is currently under construction.
- In 2017, TTI AIP reduced carbon dioxide emissions by 781 tonnes over 2016 through energy-efficient measures throughout the facility<sup>2</sup>.

<sup>1</sup> The GHG emissions data is verified by Intertek and reflects 2016. The GHG emissions for 2017 will be verified in June 2018.

<sup>2</sup> This data is not yet verified.



- To reduce the GHG emissions from electricity consumption, TTI HK administrative personnel monitor the operation of air-conditioning systems. This has resulted in a 5% reduction in CO<sub>2</sub> emissions from 0.555 tonnes of CO<sub>2</sub> per employee in 2016 to 0.525 tonnes per employee in 2017.
- TTI Benelux has replaced some conventional fuel cars with electric ones. With the planned investment of at least five more electric cars, GHG emissions will be reduced by over 17%.
- Energy-saving lighting has been installed throughout DreBo's facility.
- TTI MEA minimizes the use of air-conditioning in the office at night and over weekends.

### Energy Consumption

As TTI continues to grow, total energy demand continues to rise. TTI is investigating how to balance a global policy with the PRC being one of the largest primary energy consumers in the world and other regions like North America and Europe, where energy consumption has decreased. TTI monitors renewable energy sources that are becoming more cost-effective.

At TTI AIP Electricity and Natural Gas Consumption, Production Value and Intensity Data is as follows<sup>3</sup>:

TTI AIP Electricity (kWh)	57,961,443
TTI AIP Natural gas (m <sup>3</sup> )	527,692
TTI AIP Production Value (million USD)	US\$1,759.44
Intensity of Electricity (kWh per million USD)	32943.15
Intensity of Natural gas (m <sup>3</sup> per million USD)	299.92

As TTI constructs new facilities, remodels existing facilities or remains at current facilities, we are implementing programs to become more energy efficient. While some business units are tracking results, others are establishing monitoring programs for reporting on all energy sources and consumption. The following actions have been taken in our facilities around the world:

- Construction of new facilities with instant hot water and water-saving fixtures has resulted in efficiencies at TTI PE.
- A Continuous Improvement Program (CIP) at TTI AIP has saved electric power consumption by 846,313 kWh from 2016 to 2017.
- TTI AIP has established targets to control natural gas consumption, which is monitored to ensure targets are met.
- TTI ANZ's corporate office in Rowville is a 6 Star Energy Rated building. Mechanical services such as air conditioners and lighting are set to timers.
- Power controls are applied for lighting and fan-coil units to be turned off after office hours at TTI HK.
- Through central administrative control, electricity consumption has remained flat between 2016 and 2017 at TTI HK.
- At Empire, LED lighting has been installed throughout the plant and the HVAC control system has been upgraded. Additionally, Empire has been able to reclaim heat generated from air compressors and extrusion operations.
- TTI FC NA facility converted from a compressed air-drying system in the refurbishing department to a simple fan system, thereby decreasing electricity usage.
- TTI Zhuhai has changed fluorescent lights to LED and regularly checks air compressors and air pipes to avoid leakage.

TTI is working toward an initiative to better manage and record our direct and indirect energy consumptions by type, in total and intensity.

<sup>3</sup> The electricity and natural gas consumption data is verified by Intertek and reflects 2016. The electricity and natural gas consumption for 2017 will be verified in June 2018.

## Water Management

It is important for TTI to manage its water use efficiently and maximize its beneficial use. Water for all TTI locations is sourced locally, and we have not experienced any issues with water sourcing. In fact, all facilities in North America are in compliance with regulatory requirements and TTI's facilities in the US comply with the Clean Water Act. Currently, TTI does not have a policy in place to manage water use, but we continue to investigate options to best collect water consumption and intensity data per facility.

In 2017, water consumption at TTI HK increased from 571 m<sup>3</sup> in 2016 to 678 m<sup>3</sup>. However, the increase was due to a workforce expansion. Yet, recognizing the need for water management, many of our office facilities have replaced traditional faucets and toilets with motion sensors or included motion sensors with new building designs, thus helping to eliminate water wastage and reduce energy consumption. At TTI AIP, our largest facility, we recycle wastewater and reusable wastewater is used for watering the flowers.

In addition to office use, our TTI FC NA facility uses water in its process to cool injection molding machines and to wash parts in the refurbishing operation. Injection molding coolant water is in a closed-loop system so there is virtually no discharge into the local sewer system. The refurbishing operation uses water mixed with a biodegradable cleanser that can be disposed of into the city sewer system for treatment.

## Packaging

TTI makes a concerted effort to use packaging material that is recyclable. Notably, Milwaukee Tool uses biodegradable packaging and paper. Similarly, TTI FC NA uses corrugated cardboard or chip board as packaging in all its products, both of which are recyclable by the end user. At TTI PE, recyclable corrugated cardboard, honeycomb board, chipboard, paperboard and molded pulp are all used. Additionally, TTI PE uses expanded polystyrene, plastic and steel crates for its lawn mowers.

At TTI AIP, our largest facility, we have implemented a recycling program for waste packaging materials and wastewater. Reusable waste water is used for watering the flowers. TTI AIP has also improved its production process to enhance production efficiency and reduce raw material waste.

TTI ANZ belongs to the Australian Packaging Covenant Organisation, Ltd. ("APCO"), which is a sustainable packaging initiative, of which the goal is to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging litter. TTI ANZ aims to reduce the amount of unnecessary packing and/or packaging for our products by reusing packing whenever possible to prevent it from going into the landfill. The TTI ANZ warehouse also recycles its pallets.

Similarly, TTI Zhuhai recycles and reuses suppliers' packaging to avoid creating additional waste.

TTI is working on a process that will allow us to better track the type and quantity of packaging generated throughout our business units.

## Management of Waste

TTI is a leader in the market of innovative power tools, floor care products, outdoor gardening products, and electronic products, with renowned brands, characterized by state-of-the-art design, advanced technology, innovative promotion and our market-leading position. Top brands for the TTI Group's products include the power tools of MILWAUKEE, AEG, RYOBI and HOMELITE power tools; RYOBI, DIRT DEVIL, ORECK, and VAX floor care products; and RYOBI and HOMELITE outdoor products.

As a leader in the design and manufacturing of lithium ion batteries, our batteries are designed to be interchangeable within the brand of products. This technology drastically reduces battery waste. TTI has partnered with Call2Recycle Inc., where customers can recycle unusable batteries instead of throwing them away. Customers in the US and Canada can also go to [www.call2recycle.org](http://www.call2recycle.org) to find the nearest battery recycling drop box so those batteries can be properly transferred to recycling facilities.

Depending on the operations at each of our locations, the mechanisms for handling hazardous and non-hazardous waste varies. However, TTI remains vigilant to comply with local laws and regulations and building management procedures regarding the disposal of materials. Operations that generate hazardous waste have scheduled pick-ups by licensed haulers for safe disposal and TTI ANZ is currently developing a hazardous waste recycling program.

For non-hazardous waste, all offices properly dispose of their waste and where local facilities are available, have recyclables collected for recycling. The majority of our facilities' office and building management services provide separate bins for recyclables and properly dispose of solid and hazardous waste through local providers. TTI AIP has improved its production process to enhance production efficiency and reduce raw material waste.

While TTI FC NA has the ability to remove electronic parts and ferrous metals from returned products, currently the non-ferrous metals and plastic parts are ground up and disposed of as non-hazardous waste in a local landfill. In 2017, this amounted to approximately 750,000 pounds of material. TTI FC NA is seeking ways in which the non-ferrous metals can be recycled or reused.

TTI is working toward a method to track the types of waste disposed of by business units. In fact, TTI FC NA is researching how to reduce the potential for returned products being disposed of to landfills.

For comparison, the amount of waste generated by TTI AIP and North America are provided below:

<b>Hazardous Waste</b>	
North America <sup>4</sup>	8.83 tonnes
AIP	119.57 tonnes
<b>Non-Hazardous Waste</b>	
North America <sup>5</sup>	6,966.71 tonnes
AIP	4,392.80 tonnes

<sup>4</sup> Does not include Milwaukee Tools' Greenwood, MS, Olive Branch, MS or Jackson, MS facilities.

<sup>5</sup> Does not include TTI FC NA's Charlotte, NC facility or TTI NA's location in MD.

## Minimizing the Impact on the Environment and Natural Resources

TTI's goal is to minimize our environmental footprint and conserve our natural resources. We continue to implement practices for reducing resource consumption and the impact on the environment and natural resources through our established resource management, reuse and recycling policies and through the design of our products and facilities.

For our administrative offices, TTI promotes environmentally-responsible behavior and raises awareness on important environmental issues. Regular communications and reminders such as "Housekeeping Guidelines", "Red Packet Recycling" and "Keep the Office Green During Your Holidays" are sent to employees at TTI HK. Employees at other administrative facilities are provided with high volume printers set for double-sided and black and white printing. Reusable dishware is provided in all kitchen areas to minimize waste.

We support all of our people to being environmentally-conscious and encourage our employees to recycle paper and other recyclable products within the office. Regular maintenance of air-conditioning, heating, ventilation and building management systems is conducted to maintain facilities' energy efficiency and healthy indoor air quality. At TTI HK, routine announcements with the caption – "Going Green in the Office" have been shared to encourage employees to reduce their GHG footprints by conserving energy and adopting energy-efficiency measures.

## 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.

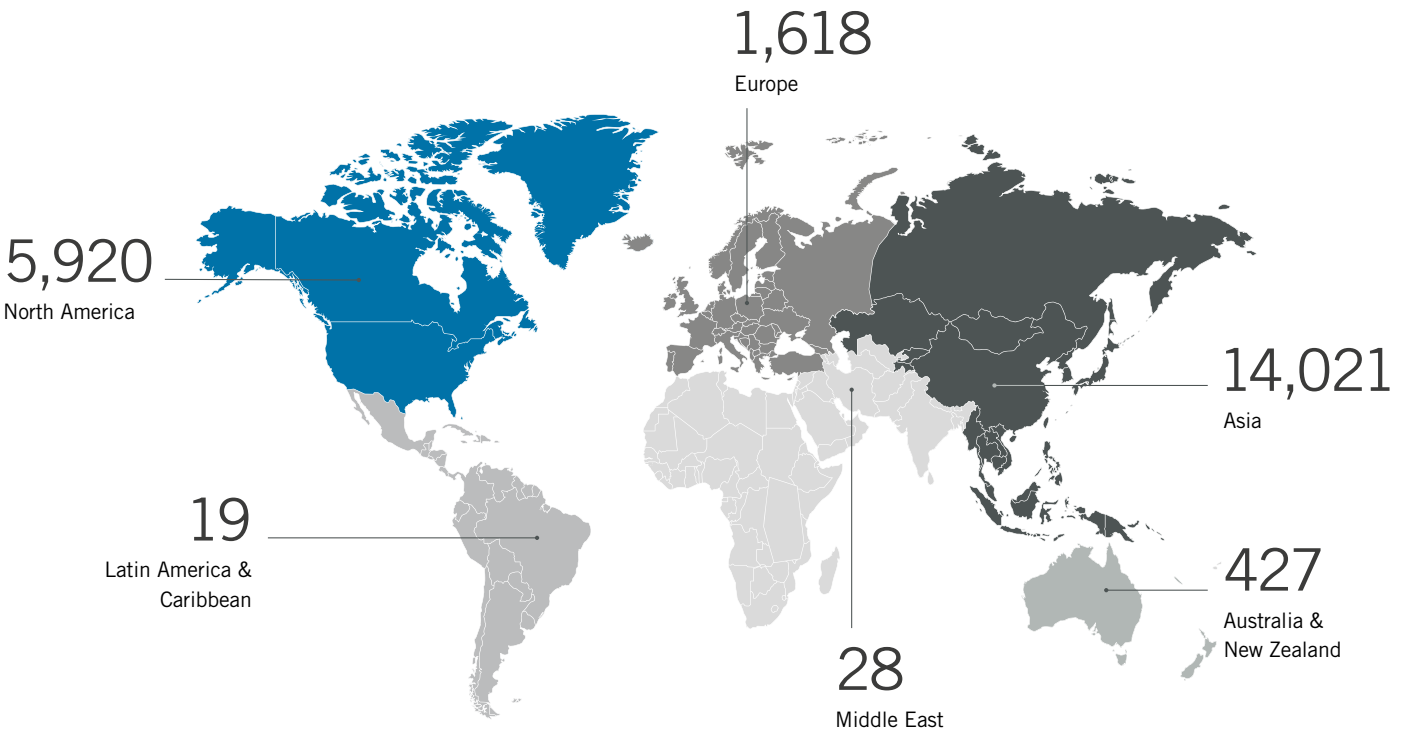
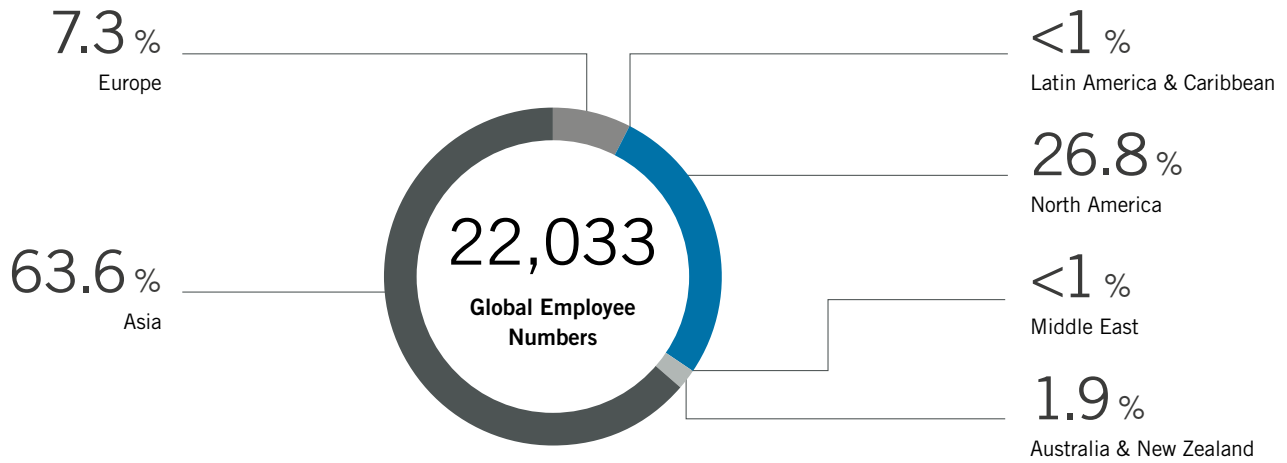
Additionally, we expect all employees to adhere to the laws applicable in the jurisdictions in which we operate and to refrain from mistreating others through threats, violent behavior, intimidation, bullying, discrimination, physical or verbal abuse, unwelcome sexual advances, unwelcome touching or 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.

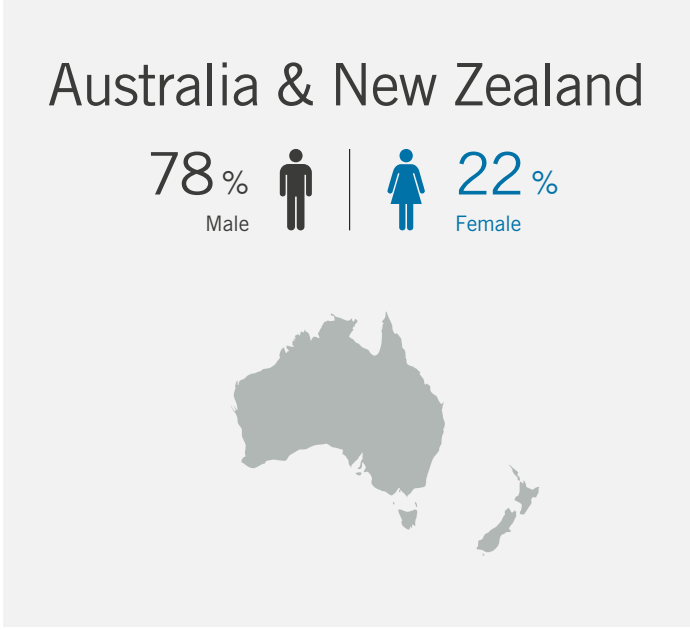
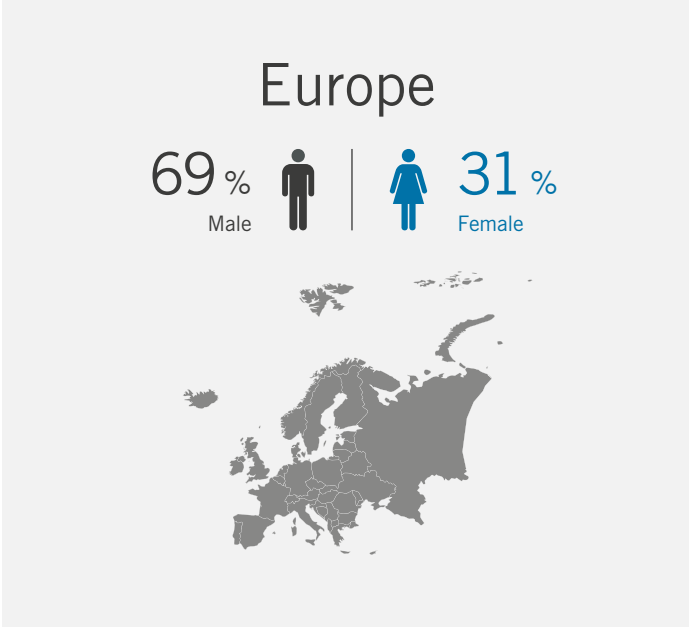
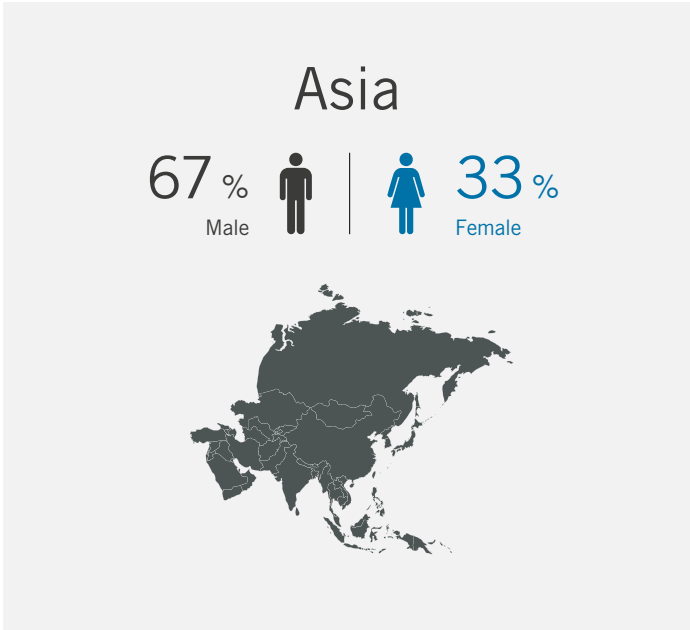
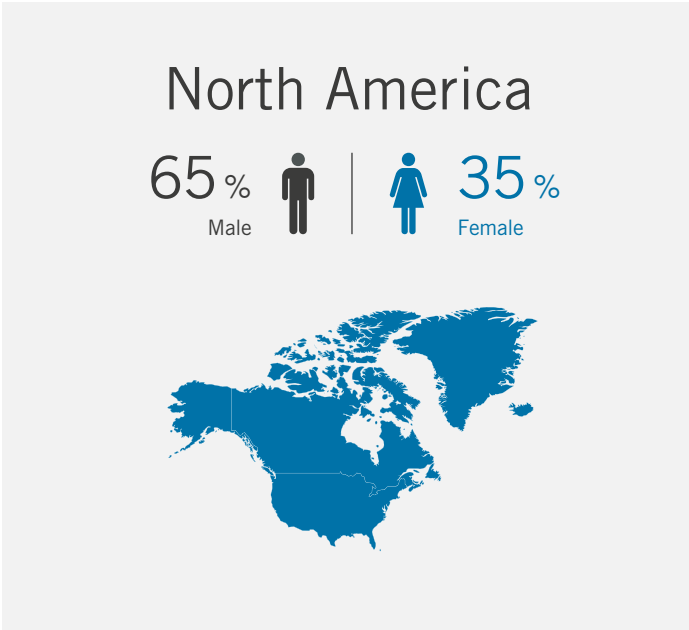
In the United States, TTI offers a comprehensive employee benefit program that covers the full range of health, life, disability and retirement benefits for our employees and their dependents. Programs are benchmarked annually against other major U.S. employers and TTI's offerings consistently compare 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.

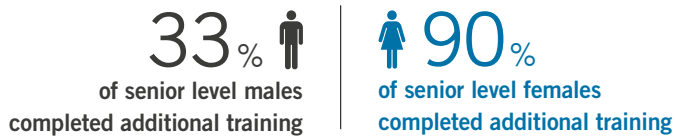
At TTI PE, succession planning is reviewed every year with areas and roles identified. Similarly, training and development needs are identified during the Annual Performance Review process, whereby employees and managers meet to discuss and lay out specific individual plans. Development and training 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 events<sup>6</sup>.

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.

<sup>6</sup> 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.

## Legend – Techtronic Industries Business Divisions

<b>Name of Business Division/Companies</b>	<b>Abbreviation</b>	<b>Country/Location</b>
A&M Industries S.a.r.l.	TTI Benelux	Belgium, Netherlands, Luxembourg
DreBo Werkzeugfabrik GmbH	DreBo	Germany
Empire	Empire	Wisconsin, U.S.
Milwaukee Electric Tool Corporation	Milwaukee Tool	Wisconsin, U.S. Mississippi, U.S.
Royal Appliance International GmbH	N/A	Germany
Techtronic Industries Australia Pty. Ltd. and Techtronic Industries N.Z. Limited	TTI ANZ	Australia/New Zealand
Techtronic Industries Canada Inc.	TTI Canada	Canada
Techtronic Industries Company Ltd.	TTI HK	Hong Kong
Techtronic Industries (Dongguan) Co. Ltd.	TTI AIP	PRC
TTI Machine Shop Ltd.		PRC
TTI Plastic Shop Company Ltd.		PRC
Techtronic Industries Floor Care North America	TTI FC NA	North Carolina, U.S., Ohio, U.S., Tennessee, U.S.
Techtronic Industries GmbH	TTI GmbH	Germany
Techtronic Industries Korea Ltd.	TTI Korea	Korea
Techtronic Industries Middle East & Africa FZCO	TTI MEA	United Arab Emirates
Techtronic Industries North America Inc.	TTI NA	Maryland, U.S.
Techtronic Industries Power Equipment	TTI PE	South Carolina, U.S.
Techtronic Industries (UK) Ltd.	TTI EMEA	United Kingdom, France Spain, Portugal, Switzerland, Austria, Hungary, Czech Republic, Germany, Poland, Russia, Slovakia, Denmark, Norway, Sweden, Finland
Techtronic Industries (Zhuhai) Co. Ltd.	TTI Zhuhai	PRC