



**Techtronic Industries
Australia Pty Limited
(ACN 002 277 509)
Modern Slavery Statement**

2021-2022
(Effective as of 31 December 2022)

Modern Slavery Act 2018 (Cth)

Mandatory Criteria One: Identify the reporting entity and Mandatory Criteria Two: describe its structure, operations, and supply chains

EXECUTIVE COMMITMENT STATEMENT

Techtronic Industries Australia Pty Limited (ACN 002 277 509) (TTI) recognises that communities, economies, and businesses thrive when workers' rights are protected and, as such, understands the risk of, and damage caused by, modern slavery to TTI's business.

Treating workers of all types - employee, contractor, student, migrant, temporary worker, and others - with dignity and respect is a fundamental component of TTI's commitment to acting as a good corporate citizen. Specifically, TTI is committed to a work environment free from forced labour or slavery, unlawful child labour, and the illegal movement of people for the purpose of slavery or human trafficking. TTI takes various actions to prevent the risks of modern slavery in its own operations and in its supply chains.

ABOUT US

Techtronic Industries is a global organisation, a world-class leader in quality consumer and professional products marketed to the home improvement and construction industries. Our brands include Milwaukee, Ryobi, AEG, Vax, and many others which are recognised worldwide for their deep heritage, superior quality, outstanding performance, and compelling innovation. Our Australian & New Zealand entities are wholesale enterprises that receives its finished goods from our global supply chain. In Australia & New Zealand, TTI is responsible for the sales, marketing, and distribution of power tools, hand tools, accessories and floorcare products.

Founded in 1985 and listed on the Stock Exchange of Hong Kong (SEHK) in 1990, TTI is included in the Hang Seng Index as one of their fifty constituent stocks. The Company maintains a powerful brand portfolio, global manufacturing, and product development footprint, together with a healthy financial position with record 2021 worldwide sales of US\$13.2 billion and over 47,000 employees worldwide.

OUR OPERATIONS AND SUPPLY CHAIN

TTI's operation around the world include manufacturing, R & D facilities as well as sales, marketing, and operations offices across North America, EMEA, Australia and New Zealand, Asia, and South America.

TTI sources almost all of its products from factories owned by the group. Outsourced manufacturing lines are measured against our ethical sourcing policies to determine the source and ensure compliance to TTI's standards. Their risk profiles are outlined below:

» TTI has 6 suppliers located in China, which presents a moderate level risk to our supply chain and operations. China has a low to moderate prevalence of modern slavery with approximately 0.28 percent of the population in modern slavery. The vulnerability to modern slavery is above the region average, with instances of forced labour prevalent in the electronics and manufacturing industries. There are also instances of state-imposed labour. The government response is poor and below the region average, indicating a barrier to future improvement of modern slavery conditions.¹

» TTI has 6 suppliers located in the United States of America, which presents a low- level risk to our supply chain and operations. The US government are reputable for effective action and response against modern slavery, rating as the second highest country to take affirmative action.

» TTI has 4 suppliers in Germany, which presents a low level of risk to our supply chain and operations. Throughout Europe, Germany is recognised as a low-level risk and is noted as one of the G20 countries taking action against slavery in supply chains.

» TTI has 1 supplier in Israel, which presents a low level of risk to our supply chain and operations. Since 2016, the Israeli government response rating to modern slavery has significantly improved (increasing from a B to BB response rating), indicating they have implemented key components of a holistic response to some forms of modern slavery, with victim support services, a strong criminal justice response, evidence of coordination and collaboration, and protections in place for vulnerable populations.

» TTI has 2 suppliers in Japan, which presents a low to moderate level of risk to our supply chain and operations. Japan is listed as one of the G20 countries who are not taking adequate action to stop sourcing goods and services at risk of being produced by forced labour. The Japanese government has a limited response to modern slavery (response rating CCC), with limited victim support services, a criminal justice framework that criminalises some forms of modern slavery and has policies that provide some protection for those vulnerable to modern slavery.

TTI Australia's workforce is made up of 1093 employees as at 31st December 2022 (1068 fulltime and 25 part time). TTI's New Zealand's workforce is made up of 135 employees (134 full time and 1 part time) as at 31st December 2022. Our sales workforce has a national footprint, with representation in all states and territories across Australia and New Zealand. Our sales teams are supported by our management, marketing and operations teams based in our Melbourne offices, with our registered office located at 31 Gilby Road, Mount Waverley Victoria 3149.

TTI's warehouse distribution centres are strategically placed in NSW and WA, , and Auckland where we receive finished goods from our global supply chain and distribute wholesale products to our industrial and consumer retail partners. TTI also has a dedicated Service Centre in VIC, QLD and WA.

¹ Figures and risk overview obtained from Global Slavery Index www.globalslaveryindex.org/

Mandatory Criterion Three: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls

MODERN SLAVERY – RISKS FOR TTI

During this reporting period, TTI endeavoured to align its strategic priorities towards an ethical supply chain to its Corporate Social Responsibility frameworks and commenced a continuous improvement exercise focusing on a comprehensive risk assessment, SWOT analysis and scoping exercise. The preliminary stages of this assessment took into account the following questions:

- » Do we have a robust new supplier process and accurate historical records?
- » Do we have high and deep level visibility over all our supply chains and procurement processes?
- » Do we have both a practical and actionable processes to help identify and manage modern slavery risks in our operations and supply chains?
- » How do we measure our effectiveness at preventing modern slavery as part of our ongoing strategy?
- » How do we achieve measurable alignment of how our local efforts support the United Nations Sustainable Development Goals, as part of our ongoing Corporate Social Responsibility strategy?

TTI acknowledges that whilst the risk of modern slavery within our Australian and New Zealand employee- base is very low, that our overseas supply chains have a greater risk for modern slavery practices as demonstrated through the Global Slavery Index 2018. When considering these risks, TTI also recognises that certain aspects of our supply chains may be exposed to heightened risks of modern slavery due to outsourcing, labour hire and country of sourcing, and it is through a robust Ethical Supply Chain Committee we aim to proactively identify, investigate and address these risks.

NEXT STEPS

TTI is genuinely committed to identifying modern slavery risks and practices in our operations and supply chains, as evidenced through our robust policies, procedures, and training for our employees. In the next reporting period, considering the framework developed by the Department of Home Affairs and leveraging the analysis of global slavery

index surveys, TTI will prioritise further due diligence by establishing its Ethical Supply Chain Steering Committee taking into account the following:

	CAUSE	CONTRIBUTE TO	BE DIRECTLY LINKED TO
Australian/ onshore operations	TTI is committed to ensuring employees are paid in line with employment Awards, and most Australian suppliers are mature businesses with similar values and principles. TTI therefore considers its Australian operations to be a low risk in directly causing modern slavery.	TTI is aware of its heightened responsibilities when it comes to suppliers with whom it has distribution rights across Australia. TTI takes this partnership seriously and is committed to upholding the expectations of these entities regarding ethical supply chain and operational practices.	TTI recognises there is inherent risk of modern slavery within its operations and supply chain. This is on the basis that TTI uses suppliers in higher risk sectors including labour hire and cleaning.
Overseas/ offshore operations	The Manufacturing industry may present a higher prevalence of modern slavery risks. TTI recognises this by mostly operating our own factories to reduce and/or eliminate these risks. TTI acknowledges that in non- TTI factories, there is a risk that our operations may directly contribute to modern slavery	TTI recognises that some countries it operates in (both under the group entity as well as third party suppliers) presents a higher risk for modern slavery practices. As such, TTI has commenced preliminary planning to review its procurement practices to consider whether it contributes to modern slavery risks in this regard.	TTI considers that it is at most risk of being directly linked to modern slavery practices, particularly relating to the sourcing and manufacturing of its products. This is on the basis that TTI uses some overseas suppliers in higher risk geographical locations.

TTI will establish its Ethical Supply Chain Steering Committee in Australia & New Zealand in the near future. For 2022, the business has relied on existing robust policies and procedures within its operations and supply chain to conduct due diligence, gain agreement of Supplier Code of Conduct and Modern Slavery Policy from a majority of indirect vendors and support compliance standards.

Despite this delay, TTI remains committed to, and has commenced planning and resourcing, based on the preliminary scoping exercise, and has committed to commencing the steering committee in the next reporting period, and to implementing meaningful and robust actions to reduce risks and practices of modern slavery within our operations and supply chains.

Mandatory Criterion Four: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes

DUE DILIGENCE

TTI performs due diligence when considering, and qualifying, new direct suppliers and regularly reviews and audits its suppliers. The due diligence focuses on social and environmental requirements, ethical sourcing and modern slavery and human trafficking to ensure protection of internationally proclaimed human rights. This year TTI has reengaged all indirect vendors and gained agreement to follow TTI's established Policies. TTI will renew the agreement to Policies in line with contract renewal terms.

Our Policy Against Modern Slavery and Human Trafficking outlines the various steps taken by TTI to verify, investigate, audit and remedy as follows:

- Trainings of employees on Code of Conduct and relevant policies;
- Training and acknowledgement on the Business Partner Code of Conduct for and by suppliers;
- Human trafficking and modern slavery provisions included in key supplier contracts;
- Acknowledgment on Policy Against Modern Slavery and Human Trafficking by our employees and suppliers;
- Declarations to be filled in for sourcing of Conflict Minerals and cobalt;
- Modern Slavery and Human Trafficking questionnaire to be completed by suppliers;
- Site visits and audits for high-risk operations and suppliers; and
- Required corrective action plan for any discovered non-conformities.

TTI requires each Supplier or Vendor to make a declaration regarding their compliance with our Ethical Sourcing Policy. If found to be non-compliant, TTI requires them to outline the areas causing non-compliance and the proposed remediation.

TTI COVID-19 CRISIS MANAGEMENT

Early in 2020, TTI recognised the pending risk and potential impact of COVID-19, and our Australian business formulated a COVID-19 Crisis Management Team to address our supply chain and operational risks. This was done with our employees' health and safety as a priority, as well as an acknowledging the impact on our business partners and suppliers across Australia and more so around the world.

The impact of COVID-19 within TTI's Australian & New Zealand operations and supply chains presented numerous challenges during this reporting period. Government

lockdowns severely impacted our wholesale partners businesses, leading our Crisis Management Team to create a pivot program aimed at navigating all internal and external TTI stakeholders through the pandemic. Our objective was to ensure our operations and supply chains, as well as our supplier and customers, not only survived the economic turbulence but thrived in the face of adversity – based on our 2021 end of year ANZ results, TTI delivered on this objective by delivering sales growth of +28.9%, compared to 2020.

To help minimise the risk to our employees and taking into account the wellbeing and business continuity of our supplier, TTI's Australian operation and supply chain worked collaboratively with its supply partners by:

- » Liaising with employees, wholesale partners and suppliers daily to help manage their concerns, with adjustments made to our operations and supply chains based on government requirements;
- » Across Australia and New Zealand, TTI did not cancel any contracts nor did TTI enforce any force majeure clauses due to COVID-19;
- » Actively working to understand the impact of COVID-19 on employees through regular conversations with our factories as this was deemed to present the highest risk;
- » Providing a Wellbeing Leave day to all employees during lockdown;
- » Developing and implementing a redeployment to Working from Home programs;
- » Developing and implementing a return to work policy and staff plan;
- » Developing and implementing ergonomic assessments for WFH employees and providing technology and support;
- » Confirming COVID Safe Plans were in place and actioned;
- » Adjusting our warehouse shifts to reduce risks;
- » Onsite COVID testing at our warehouses; and
- » Paid quarantine/isolation time off for our employees.

Mandatory Criterion Five: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

TTI's performance highlights for the reporting period included:

- » Zero reported cases of child labour in the ANZ region;
- » Zero high-risk cases in sourcing of conflict minerals or cobalt; and
- » Zero incidents of non-compliance of TTI policies and codes in relation to human rights.

We are committed to establishing the Ethical Supply Chain steering committee, and will continue to continuously improve our metrics and measures to assess and address modern slavery risks.

Mandatory Criterion Six: Describe the process of consultation with any entities the reporting entity owns or controls

Not Applicable

Mandatory Criterion Seven: Any other relevant information

RELEVANT POLICIES

TTI has developed and implemented policies and practices that describe its approach to human rights and, in particular, to the prevention of modern slavery and human trafficking in its operations and supply chain. These policies are published on our parent company's website:

- **Complaint Resolution Policy:** The organisation encourages its employees and Business partners to report any concerns. We have an independent third party to receive and process these reports on an anonymous basis.
- **Employee Code of Ethics & Business Conduct:** The code makes it clear to employees what are the actions and the ethical behaviour expected.
- **Business Partner Code of Conduct:** The code sets out TTI requirements and expectations and requests all suppliers to acknowledge the code.
- **Conflict Minerals Policy:** This policy sets up the rules, standards and expectations that TTI and its suppliers must abide by to ensure that TTI and its suppliers must source four materials – Tin, Tungsten, Tantalum, and Gold (“3TG”) from reputable sources free from conflict or other human rights violations.
- **Policy Against Modern Slavery and Human Trafficking:** This policy sets further expectations in relation to human rights and modern slavery and provides a list of potential red flags as guidance to assist employees in identifying and rectifying the issues at an early stage.
- **Cobalt Procurement Policy:** This policy sets up the rules, standards and expectations that TTI and its suppliers must abide by to ensure that TTI and its suppliers must source cobalt from reputable sources free from human rights violations.

ESG COMMITTEE

TTI has established a global ESG executive committee, which produces annual reporting on all governance, environmental, social, community and supply chain management goals and initiatives which take into account legal compliance to global modern slavery frameworks. Our latest report can be located here <https://www.ttigroup.com/sustainability/esg-reports/>

TRAINING


TTI requires all employees to complete the training on human rights, ethical trade and the TTI Policy Against Modern Slavery and Human Trafficking as part of the training on Employee Code of Ethics and Business Conduct. Our supply chain and human resources employees will be trained to identify all red flags to prevent modern slavery in the supply chain.

AWARENESS

The Policy Against Modern Slavery and Human Trafficking has been communicated to all our employees.


BOARD APPROVAL

This statement has been approved by the board of Directors for Techtronic Industries Australia Pty Limited on 12-04-2023

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Grant Edhouse
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