



# **Techtronic Industries Australia Pty Ltd**

**(ACN 002 277 509)**



**Modern Slavery Statement - 2023**

## **Mandatory criterion one and two:**

Identify the reporting entity, describe its structure, operations, and supply chains

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### **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 - employees, contractors, students, migrants, temporary workers, 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, 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**

TTI is part of a global organisation with many companies, businesses, and operations around the world (TTI Group). The TTI Group is 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 receive 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's parent company Techtronic Industries Co. Ltd. (Company) 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 2023 worldwide sales of US\$13.7 billion and over 47,000 employees worldwide.

## Our operations and supply chain

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

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

The risk profiles are outlined below:

### China

TTI has 9 suppliers located in China, which presents a moderate level risk<sup>1</sup> to our supply chain and operations. China has a 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.

It's crucial for the Chinese government to continue strengthening its legal framework and enforcement mechanisms to combat modern slavery effectively. Moreover, greater transparency and collaboration with international organizations and civil society groups can play a vital role in identifying and addressing instances of exploitation.

However, it's essential to approach this issue with nuance and sensitivity, recognizing that progress takes time and systemic change is complex. Efforts to eradicate modern slavery must involve not only legislative action but also socio-economic reforms, education, and empowerment of vulnerable communities. International pressure and cooperation can also contribute to fostering a more robust response to this human rights challenge in China.

### United States of America

TTI has 7 suppliers located in the United States of America, which presents a low to moderate level risk<sup>2</sup> to our supply chain and operations. The US government is reputable for effective action and responses against modern slavery, rating as the second highest country to take affirmative action.

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<sup>1</sup> China: The Global Slavery Index 2023 (Walk Free): Pages 116; 118; and 120

<sup>2</sup> United States: The Global Slavery Index 2023 (Walk Free): Pages 88; 90; and 92

### Germany

TTI has 5 suppliers in Germany, which presents a low level of risk<sup>3</sup> 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 acting against slavery in supply chains.

### Israel

TTI has 1 supplier in Israel, which presents a low to moderate level of risk<sup>4</sup> 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.

### Japan

TTI has 1 supplier in Japan, which presents a low level of risk<sup>5</sup> to our supply chain and operations. 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.

### Vietnam

TTI has 1 supplier in Vietnam which presents a moderate level risk<sup>6</sup> to our supply chain and operations. Vietnam has been making efforts to combat modern slavery, but it still faces challenges in addressing labour exploitation and human trafficking, particularly in industries such as agriculture, construction, and manufacturing. The Vietnamese government has taken steps to strengthen its legal framework, increase law enforcement efforts, and enhance victim protection and support services. However, there are ongoing concerns about the prevalence of forced labour and human trafficking in Vietnam, including cases involving both domestic and international victims.

### Australia

TTI has 12 suppliers in Australia which presents a low level of risk<sup>7</sup> to our supply chain and operations. Australia has been actively addressing modern slavery through legislative measures, awareness campaigns, and corporate responsibility initiatives. In 2018, Australia introduced the Modern Slavery Act, which requires large businesses and other entities to report on the risks of modern slavery in their operations and supply chains and the actions they are taking to address those risks.

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<sup>3</sup> Germany: The Global Slavery Index 2023 (Walk Free): Pages 131; 132; and 135

<sup>4</sup> Israel: The Global Slavery Index 2023 (Walk Free): Pages 131; 132; and 135

<sup>5</sup> Japan: The Global Slavery Index 2023 (Walk Free): Pages 116; 118; and 120

<sup>6</sup> Vietnam: The Global Slavery Index 2023 (Walk Free): Pages 116; 118; and 120

<sup>7</sup> Australia: The Global Slavery Index 2023 (Walk Free): Pages 116; 118; and 120

This legislation aims to increase transparency and accountability in business practices and supply chains to prevent and combat modern slavery.

### Philippines

TTI has outsourced its Customer Service function via a Business Process Outsourcing arrangement in Cebu, Philippines. TTI also leverages a resource augmentation model via (i) an Australian based entity with a delivery arm in the Philippines as well as (ii) directly via its TTI Hong Kong entity (permanent staff in Cebu).

Although there's a higher prevalence<sup>8</sup> of people in modern slavery within the Philippines when compared to other countries within the Asia Pacific region, it's one of the few countries that has taken the "most action to combat modern slavery in the region"<sup>9</sup>.

TTI's workforce in Australia is made up of 1,147 employees as of 31st December 2023 (1,111 fulltime and 36 part time). Our sales workforce has a national footprint, with representation in all states and territories across Australia. 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 Victoria, New South Wales and Western Australia, where we receive finished goods from our global supply chain and distribute wholesale products to our industrial and consumer retail partners. TTI also has dedicated Service Centres in VIC, NSW, QLD and WA in Australia.

## **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

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The manufacturing of TTIs products take place outside of Australia. It's these manufacturing facilities that would present a higher probability of risk, given the geographic locations in which they operate.

As the Company owns and operates the global manufacturing facilities, all human rights matters, which include but are not limited to: Forced labour; child labour; harassment & abuse; discrimination; wage and benefits, working hours and freedom of association are governed by the TTI Group's "Business Partner Code of Conduct".

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<sup>8</sup> Philippines: The Global Slavery Index 2023 (Walk Free): Table 16, Page 118 – Ranked 7 of 27

<sup>9</sup> Philippines: The Global Slavery Index 2023 (Walk Free): Page 117 – Paragraph 3

TTI seeks to work exclusively with Business Partners that agree to comply with this Business Partner Code of Conduct, in line with all applicable laws and regulations and abide by the Conventions of the International Labor Organization, the Universal Declaration on Human Rights and the relevant guiding principles of international organizations, as applicable.

The Business Partner Code of Conduct sets forth some basic requirements and principles which shall be complied with by their owners, subsidiaries, affiliates, directors, officers, employees, agents and subcontractors.

Outside of manufacturing, TTI acknowledges that the risk of modern slavery within our Australian employee-base is very low. 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 origin sourcing.

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 employees.

TTI considers the following risks:

	<b>Cause</b>	<b>Contribute to</b>	<b>Be directly linked to</b>
<b>Australian/ onshore operations</b>	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.
<b>Overseas/ offshore operations</b>	The Manufacturing industry may present a higher prevalence of modern slavery risks. TTI recognises this by mostly operating our own TTI Group 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.

## **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

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### **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.

In 2023 TTI reached out and gained supplier agreement to TTI's Modern Slavery and Vendor or Code of conduct policies. TTI has reengaged all indirect vendors and gained acceptance of TTI's Modern Slavery and Vendor or Code of conduct policies.

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

- Training of employees on Code of Conduct and relevant policies as new starters;
- Acknowledgement of the Business Partner Code of Conduct for and by suppliers;
- Human trafficking and modern slavery provisions included in key supplier contracts;
- Acknowledgment of the TTI Policy Against Modern Slavery and Human Trafficking by our employees and suppliers;
- Site visits and audits for high-risk operations and suppliers while on-boarding; and
- Required corrective action plan for any discovered non-conformities.

In 2023 TTI onboarded 131 new vendors for indirect goods. 99% of vendors have accepted TTI's Modern Slavery Policy. 1% provided their own policy and they were found to be in line with TTI's Modern Slavery principles.

## Mandatory Criterion Five:

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

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## Performance highlights

TTI's performance for the reporting period included:

- Zero reported cases of child labour in Australia;
- Zero incidents of non-compliance of TTI policies and codes in relation to human rights.

## Mandatory Criterion Seven:

Any other relevant information

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## Relevant policies

The TTI Group has developed and implemented policies and practices that describe its approach to human rights and to the prevention of modern slavery and human trafficking in its operations and supply chain. These policies are published on the 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.

## 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 TTI employees.

## Board Approval

This statement has been approved by the board of Directors for Techtronic Industries Australia Pty Limited on 14/06/2024.

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