

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 CO₂ 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.

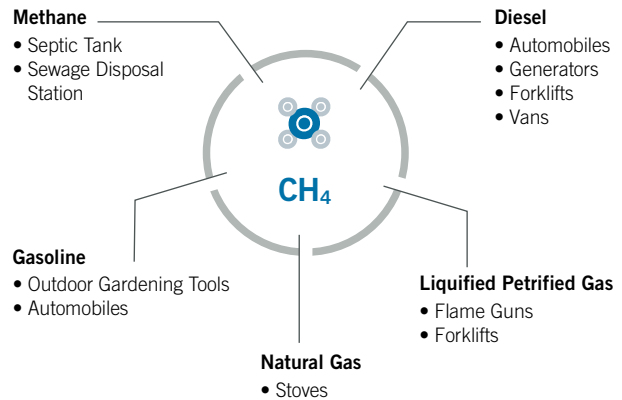
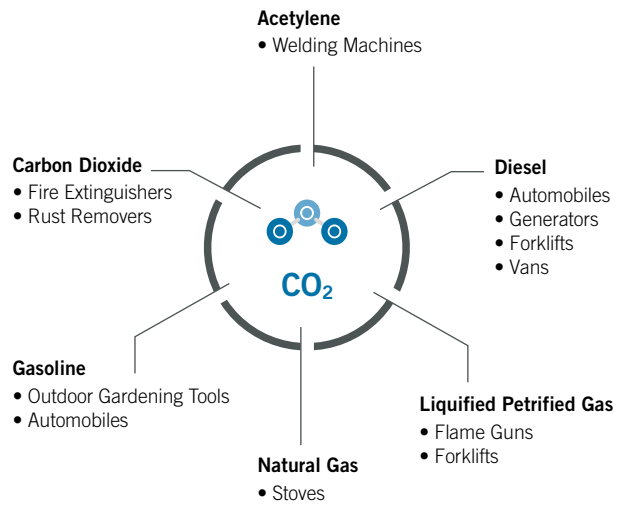
We adopt best practice standards with a relentless focus on improvement through our quality and hazardous substance management systems (i.e. ISO9001 and QC080000), striving to produce defect-free products. Annual investments are made to improve the environmental performance of our facilities, which ensures 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.

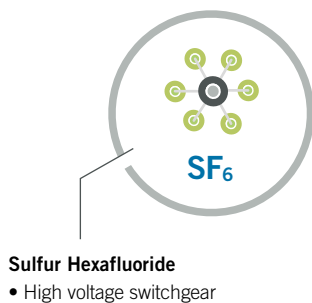
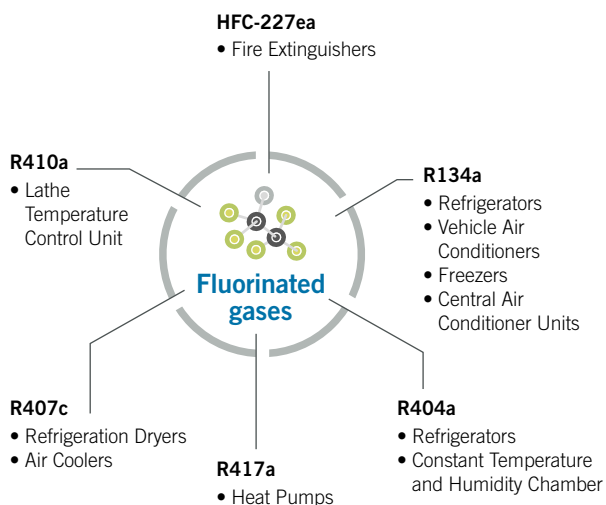
Management of Air Emissions

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 (CO₂), methane (CH₄) and nitrous oxide (NO₂) 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 AIP¹:

Annual Total GHG Emissions (tonnes of CO₂ equivalent)	58,706.59
Annual Scope 1 GHG Emissions (tonnes of CO ₂ equivalent)	6,778.93
Annual Scope 2 of Indirect GHG emissions (tonnes of CO ₂ equivalent)	51,927.66
Production Value (million USD)	US\$1,759.44
Intensity (tonnes of CO ₂ 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_x), CO₂, CH₄ and N₂O 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 facility².

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

² 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 CO₂ emissions from 0.555 tonnes of CO₂ 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 follows³:

TTI AIP Electricity (kWh)	57,961,443
TTI AIP Natural gas (m ³)	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 ³ 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.

³ 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 m³ in 2016 to 678 m³. 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 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:

Hazardous Waste	
North America ⁴	8.83 tonnes
AIP	119.57 tonnes
Non-Hazardous Waste	
North America ⁵	6,966.71 tonnes
AIP	4,392.80 tonnes

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

⁵ 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.