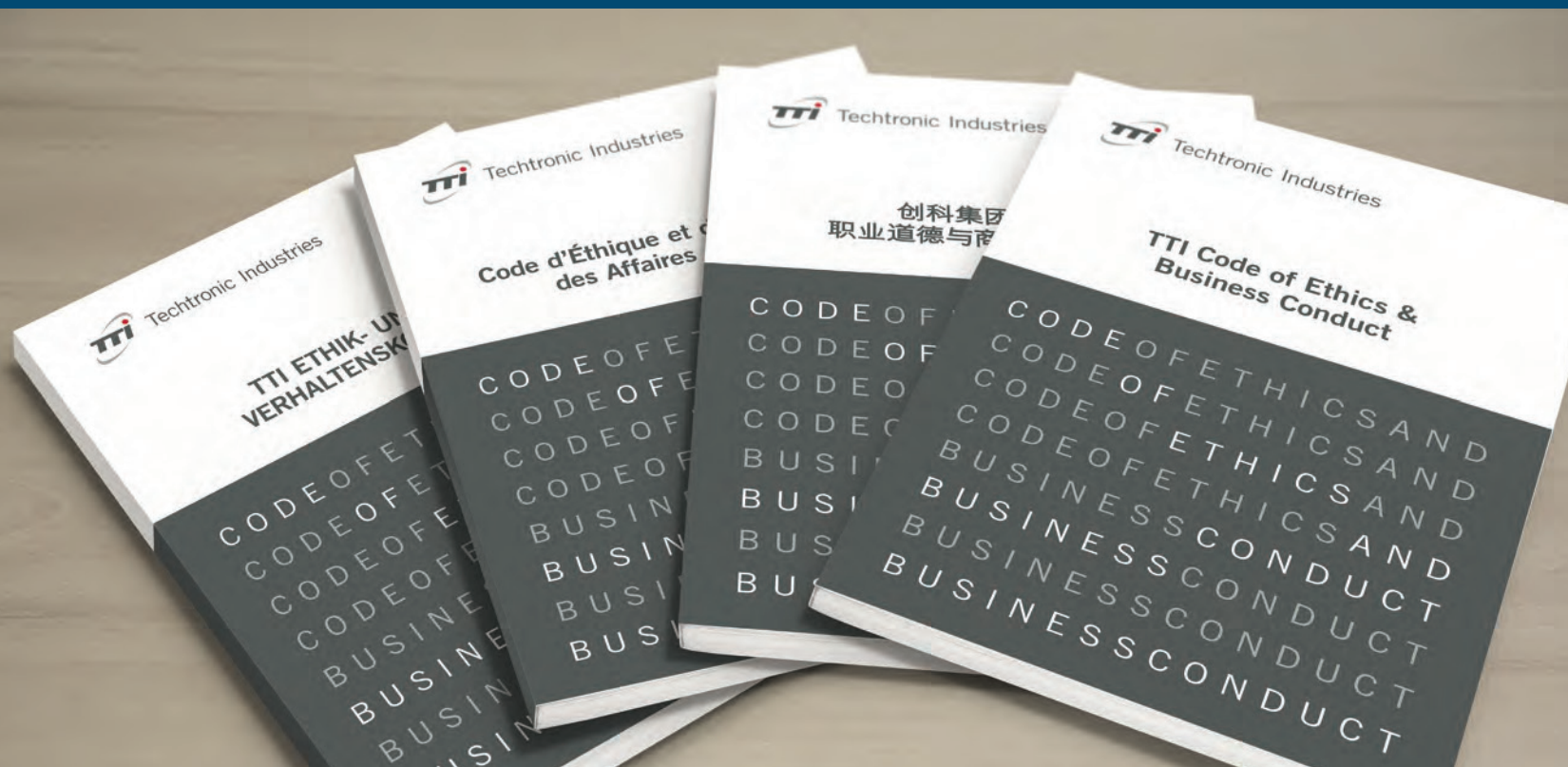


Governance



Zero

Public legal cases of corruption were brought against TTI Group

Zero

Cases of identified leaks, theft or loss of customer data

Greenstone

Global implementation of ESG data software

GRI

Incorporation of Global Reporting Initiative Standards



Overview

Good corporate governance is material to the long-term health of our company as it allows us to achieve our objectives, driving growth and positive change while our Exceptional People continually maintain high legal and ethical standards in all aspects of our business. TTI's governance strategy is implemented through codes and policies that set requirements and emphasize accountability and responsibility to maintain Operational Excellence throughout our business. Our performance is continually evaluated by a number of mechanisms including an independent compliance hotline, internal audit investigations and ongoing compliance monitoring to ensure that our processes of disclosure and transparency are effectively maintained.

TTI's global strategy is aligned with key SDGs. In our pursuit of good governance, we promote inclusive societies and strive to build accessible, effective and accountable channels for engaging our stakeholders. We also play a part in strengthening the global partnership for sustainable development by participating in effective multi-stakeholder partnerships across markets where we operate.

Governance Structure

TTI's principles of good governance form a solid foundation from which we make progress toward our targets and build stakeholders' confidence in our performance. The codes and policies that define our business management and ethical performance reflect our fastidious commitment to do the right thing by our stakeholders.

Our governance structure provides clear direction and assigns roles, responsibilities and accountability to individuals within the company. Stringent governance practices are championed by the TTI Board of Directors and our Executive Committees. The Board of Directors approves the ESG strategy of the Group, including the goals, targets and Key Performance Indicators ("KPIs"). The ESG Executive Committee oversees our ESG Working Committee which in turn is responsible for managing our overall Sustainability Strategy. The ESG Working Committee, made up of 13 members representing business units in each region, works to enhance ESG performance by fine-tuning policies, establishing goals and targets, and setting KPIs that are used to monitor our performance against our goals and targets.

Each business unit across TTI develops its own implementation plan and KPIs based upon local needs as per the medium – and long-term strategies developed by the ESG Working Committee. This exercise entails the review of performance on an annual basis against the KPIs that are set at the beginning of each financial year. In 2019, the Board endorsed TTI's ESG strategy. Our CEO requested regular updates on sustainability initiatives and results from all business units, which were presented to management across the group at the year-end of 2019. The ESG Working Committee's annual meeting was postponed due to social unrest in Hong Kong in 2019, but the Committee conducted its business through three conference calls for this period as a result.

In 2019, the ESG Working Committee's working approach and initiatives included:

- Enhancing ESG performance and strategy implementation management by partnering with software data specialists – Greenstone – to collect, analyze and better manage our ESG data. This has been instrumental in stepping up our internal auditing capabilities and ongoing compliance monitoring. Our comprehensive global data collection and information sharing system also allows us to identify and manage economic, environmental and social impacts more efficiently
- Responsible Mineral Initiative (RMI) – As a member since November 2019, we joined more than 380 companies and organizations to address responsible mineral sourcing in the supply chain
- Global Reporting Initiative (GRI) – Reporting with reference to the GRI Standards furthers our ongoing efforts to enhance our environmental, social and governance performance and transparency in reporting to all of our stakeholders
- Non-Governmental Organizations (NGO) – Becoming a corporate member of Habitat for Humanity allows us to support local communities and reach parts of the world where we have engaged in new business activities with the support of our tools, monetary resources and volunteers. More details about our global partnerships and community initiatives can be found in the Community Engagement section of this report.

Risk Management Process

At TTI, we are vigilant about identifying and managing risk. We actively monitor compliance with all local laws, regulations and standards related to corporate governance, business operations and product safety, employment, health and safety, and the environment on a

biannual basis. In addition to a dedicated corporate internal audit team, TTI also has a comprehensive risk assessment process at all business units and levels of the company. Different risk assurance teams also maintain close interaction and coordinate efforts through different functions.

Our risk mitigation processes include:



Diversification of Risk: Global Manufacturing Strategy

TTI diversifies its risks financially and geographically by expanding the business' global footprint. As part of this strategy, TTI has built manufacturing operations in several locations including Vietnam, Mexico, the United States and China. When expanding its manufacturing sites across the globe, TTI implements the same policies and compliance programs, and has the same expectations in terms of governance across all locations.

The diversification of our manufacturing footprint not only reduces financial, environmental and social risks, but also provides an opportunity for us to have manufacturing sites closer to our markets. This means we can work with local suppliers to both meet our standards and reduce the transportation of goods, which helps reduce our environmental impact. In addition, it enables us to have a positive impact as we hire local employees in workplaces that adhere to our ESG standards, and we give back to local communities by helping to improve living conditions and education. See map on page 26.

Compliance and Code of Conduct

The success of our business is dependent on compliance with regulations across all of our markets. We operate in 40 jurisdictions and six regions and all business units, partners and suppliers are expected to follow local laws and regulations. Our Code of Ethics and Business Conduct, re-launched in 2019, outlines our commitment to employees, customers, suppliers, communities and shareholders. This policy is focused on championing integrity in everything we do, providing guidelines for conducting business ethically and in accordance with all relevant legal requirements. All TTI employees, officers and directors globally must fully comply with this Code. In addition, we have a number of related policies outlined in our Employee Handbook, which must be followed.

Our policies are regularly updated to reflect new laws or market concerns. As an example, our Policy Against Slavery and Human Trafficking was updated and re-launched in 2019 to include the Australian Federal Modern Slavery Act 2018 and the New South Wales Modern Slavery Act 2018. A list of TTI's codes, policies and programs which are important to our sustainability initiatives can

be found below, with indication where policies were expanded to provide more detail or revised to comply with new regulations in 2019.

TTI Policies		
● Governance	● Social	● Environment
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Active reporting of all violations of our codes and policies is highly encouraged. Complaints can be directed to TTI's Vice President, General Counsel and Chief Compliance Officer directly and then investigated by our internal audit team, the legal department, the human resources department or an independent third party.

Complaints can also be made using the compliance hotline and remedial measures, where needed, are taken accordingly. TTI's compliance hotline allows anyone, including employees, suppliers and customers, to raise concerns about potential issues. The hotline is operated by an independent third party and all reports are handled confidentially and anonymously.

In 2019, there were 22 separate complaints received through either the compliance hotline or management. Eleven complaints were raised through the hotline from separate sources, and all were addressed in a timely and appropriate manner. Of those complaints, three were against the same employees alleging bribery. While the investigation is still ongoing, we will take appropriate action with respect to any allegations of this nature. An additional three employee complaints involved employment issues, two complaints were for allegations of theft, one was for a violation of a vehicle registration and another related to the quality of equipment. The final two complaints were reported by suppliers. 20 complaints were made directly to the Vice President, General Counsel and Chief Compliance Officer or other senior management and all complaints were investigated by our internal audit team, the legal department, the human resources department or an independent third party. Corrective measures have been implemented for those complaints with merit, including termination of employment for five employees, payment of penalties or immediate remediation. The details of these complaints and corrective measures were reported to both management and the Audit Committee.

Anti-Corruption Policy

TTI does not tolerate the occurrence of corruption or bribery internally or externally. Our operations are regularly assessed for risk and we uphold the highest standards in anti-corruption and the prevention of bribery. TTI does not make any political contributions in any markets where we operate. A full list of legal and regulatory requirements related to anti-corruption practices that have the potential to have a significant impact to our operations and performance can be found in Appendix A of our HKEX ESG Guide Content Index on our website.

TTI's anti-corruption strategy is based on prevention, communication and training. In 2019, no public legal cases of corruption, anti-competitive behavior, anti-trust or monopoly practices were brought against TTI. TTI launched comprehensive anti-corruption and anti-trust audio training modules to go hand in hand with our updated policies on these topics in 2019. These policies serve as supplements to the Code of Ethics and Business Conduct and Employee Handbooks. Our employees are required to complete training on all our policies and to acknowledge their understanding of the requirements. Our new comprehensive anti-corruption training module was launched in multiple languages and 60% of employees globally went through the more comprehensive training in 2019. In China, TTI has been a member of the China Enterprise Anti-Fraud Alliance (CEAFA) since 2017. The CEAFA is a non-governmental and non-profit cooperative organization aiming to establish a clean business environment.