

Declaration of Principles of the Brose Group on compliance with human rights and environmental due diligence

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1 Preface

We are aware of our corporate responsibility to respect human rights, including certain related environmental concerns, hereinafter collectively referred to as human rights. We are therefore committed to respecting human rights in our own business activities as well as in our global supply and value chains, and to providing access to remedy for those affected by human rights violations. In doing so, we align our business activities with the internationally recognized Guiding Principles on Business and Human Rights of the United Nations and the requirements of the National Action Plan for Business and Human Rights (NAP). In addition, our understanding and our human rights due diligence processes are based on the following international human rights reference instruments, to which we are committed:

The International Bill of Human Rights, that is the United Nations Universal Declaration of Human Rights, as well as the Civil Covenant and the Social Covenant, which define civil, political and social rights that all human beings are entitled to for the sake of their dignity.

The core labor standards of the International Labor Organization (ILO) with their four basic principles on freedom of association and the right to collective bargaining, the elimination of forced and child labor, and the prohibition of discrimination with respect to employment and occupation.

By implementing these human rights principles, we also fulfill our legal duties under the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG).

We expect all our business partners, in particular suppliers, service providers and other subcontractors, to also commit to respecting human rights, to establish appropriate due diligence processes and to pass on this expectation to their own suppliers.

2 Procedures for the fulfillment of due diligence obligations

We see our procedure for respecting human rights as an ongoing process that constantly reviews and develops the implementation of human rights due diligence obligations depending on changing contextual conditions, type of business activity, and size and structure of the company. To ensure this, the Human Rights Committee was appointed by the management.

The Human Rights Committee is responsible in particular for monitoring risk management to prevent human rights violations in the company's own business area and the supply chain and for regular reporting to the Executive Board.

Monitoring includes in particular:

- the monitoring of the risk analysis according to § 5 LkSG
- the adequacy and effectiveness of preventive and corrective measures in accordance with §§ 6,7 LkSG
- the effectiveness of the complaint mechanism according to § 8 LkSG as well as
- the completeness and retention of documentation and reporting in accordance with § 10 LkSG.

To ensure respect for human rights, we have anchored human rights due diligence processes as integral components in our organization and our relationships with our business partners.

In order to help shape the necessary human rights due diligence processes, Brose has become a permanent member of the Sector Dialogue Automotive Industry (Branchendialog Automobilindustrie). This was set up to implement the obligations formulated in the National Action Plan (NAP) for the protection of human rights and the responsibility of companies to respect human rights in global supply and value chains in the automotive industry.

Through our active participation in the working group on "Management approaches to implementing human rights due diligence and impact indicators" we were able to contribute to the creation and establishment of an industry standard.

2.1 Risk Management

To implement our due diligence obligations, our relevant specialist departments and company-wide functions such as purchasing, compliance, occupational safety and environmental protection scrutinize the requirements relating to human rights and occupational safety and environmental protection in our management processes and supplement them as necessary.

As part of the supplier management, the analysis is carried out at various points along the collaboration with our suppliers, starting with onboarding and subsequently accompanying collaboration. The depth of the risk assessment and the implementation of corrective actions is measured both by the existing and actually identified risks as well as our ability to exert influence to remedy the situation together with the supplier. Depending on the risk situation, we also conduct audits in accordance with the Responsible Supply Chain Initiative (RSCI) standard using a multi-stage management process and review the progress of the defined improvement measures together with the suppliers.

As part of the purchasing processes for awarding projects, our assessment of the supplier regarding human rights and environmental risks and the fulfillment of our expectations in this regard is implemented as a relevant criterion. Continuous monitoring also ensures that decisions are made at later business-relevant points in time, for example when awarding projects, based on the information currently available.

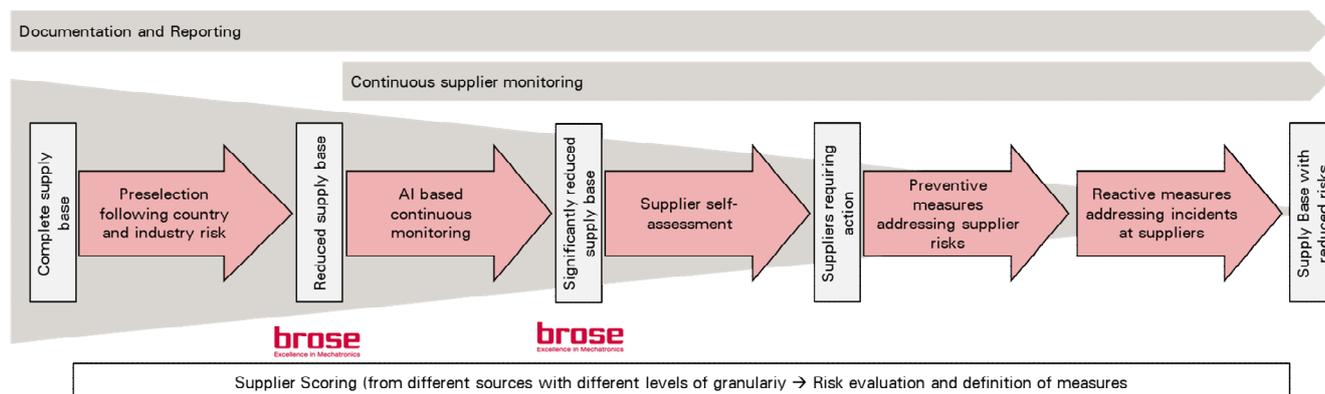


Figure: Schematic supplier risk management process for dealing with supplier base risks, with reference to the action line for identified violations.

2.2 Risk analysis

We consider it part of our duty of care to identify potential and actual negative human rights risks and impacts of our business activities on people in our own business and along the entire value chain. We therefore use an established management process to identify and assess the relevant human rights issues and those potentially affected by our business activities and direct and indirect business relationships. This includes both the analysis of human rights risks and impacts resulting from the use of our products and services.

To this end, we have systematically added human rights issues to our company-wide risk and supplier management. In our management process, human rights criticism from outside and reported incidents are also taken into account.

The analysis of human rights risks and impacts is updated annually and whenever there are significant changes to the company's profile or business activities. To achieve this, we involve human rights expertise, business partners and selected stakeholders.

The results of the analysis of human rights risks and impacts are incorporated into our corporate decision-making processes regarding supplier selection, business partner management, product stewardship and development, and mergers and acquisitions. The risk analysis forms the basis for identifying appropriate measures. If conflicts of interest arise regarding human rights or the environment, they are brought to the attention of the management and discussed.

In addition, we use the results of the risk analysis as a basis for creating and, where necessary, adapting internal regulations, processes and training to reflect the changing requirements for our due diligence processes.

For 2023, we have identified the main risks in our supplier base and in our own business processes as part of an initial comprehensive people- and environment-related risk analysis. In the first step, this is carried out as part of the abstract risk analysis and maps the risks in four main categories "child labor", "individual freedom", "working conditions and employee rights", and "environmental protection".

The exemplary analysis shows that the human and environmental risks in the Brose supplier portfolio are in the low range when viewed in aggregate. In this context, "low range" means that incidents and violations of rights in these areas may occur irregularly, but that there is no systematic violation of rights in the overall

view of the supplier base. Nevertheless, it became apparent that from all categories in isolation there also occur high risks depending on the supplier's industry and country, which we will analyze further in the next step to understand the exact situation of the supplier on site and be able to take targeted corrective action. A more detailed analysis also shows that the risks are most pronounced in the categories "environmental protection" and "working conditions and employee rights," which is why particular attention will be paid to these in the next steps.

Supplier	Risk Categories				Weighted Score
	Environment	Child Lab	Personal Freed	Workers Rigt	
Supplier A	16	1	2	5	6,5
Supplier B	11	1	1	1	4
Supplier C	13	15	14	20	15,2
Supplier D	11	1	1	5	4,8
Supplier E	12	1	3	1	4,7
Supplier F	13	7	9	10	9,8
Supplier G	14	8	10	15	11,6
Supplier H	11	1	1	1	4
Supplier I	11	1	1	5	4,8
Supplier J	13	15	14	20	15,2

Figure: Exemplary presentation of the risk situation per supplier according to the defined risk categories (excerpt); risk clustering from low risk (1) - high risk (25).

Building on the abstract risk analysis, we will focus on these risk categories in supplier self-assessments and seek appropriate measures with our suppliers. To this end, we prioritize suppliers according to their risk situation and economic importance for our products and services, which we cluster according to commodity groups. The result can be displayed as a heat map as shown below.

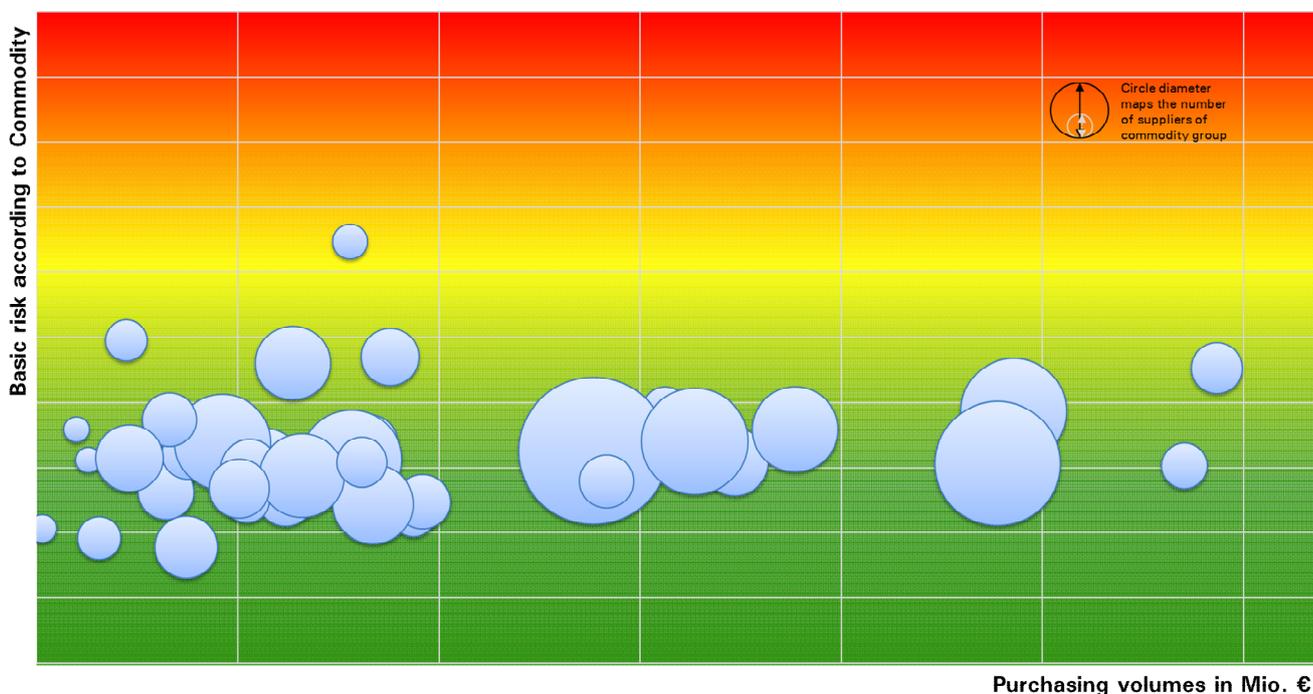


Figure: Exemplary commodity group risk map for prioritizing preventive measures.

2.3 Preventive measures

In order to fulfill our responsibilities to respect human rights, we rely on the interplay of different measures. The aim is to improve the situation of (potentially) affected persons. To do this, we regularly exchange information with other companies, including within the framework of industry initiatives, and cooperate with relevant stakeholders to promote compliance with human rights. Concerns expressed by rights holders or their legitimate representatives, local stakeholders, experts, and civil society are taken into account.

Our Code of Conduct describes our requirements for ethical and compliant behavior. Ethical conduct is described therein as part of our company's self-image and all Brose employees are instructed to behave in accordance with these principles.

Outside our company, we contractually obligate all our suppliers, service providers and other subcontractors to comply with applicable international and national laws and the ILO core labor standards, to respect human rights as well as occupational safety and environmental protection, and to adequately address risks to their own business partners. This is described in our General Terms and Conditions of Purchase and in our Code of Conduct for Suppliers and Service Providers. These documents are part of the contracts and are publicly available on brose.com.

In internal training courses, our employees are regularly made aware of the need to observe due diligence requirements. We also conduct training sessions for our suppliers to address their responsibility to comply with due diligence requirements and Brose's clear expectations.

As part of the risk analysis, we also determine the global distribution of our risks, which is shown as an example for the current assessment. In line with the risk distribution, we prioritize cross-company initiatives, for example by participating in industry initiatives such as in Mexico, in order to improve the overall risk situation in our supplier base and apply preventive measures in an even more targeted manner.

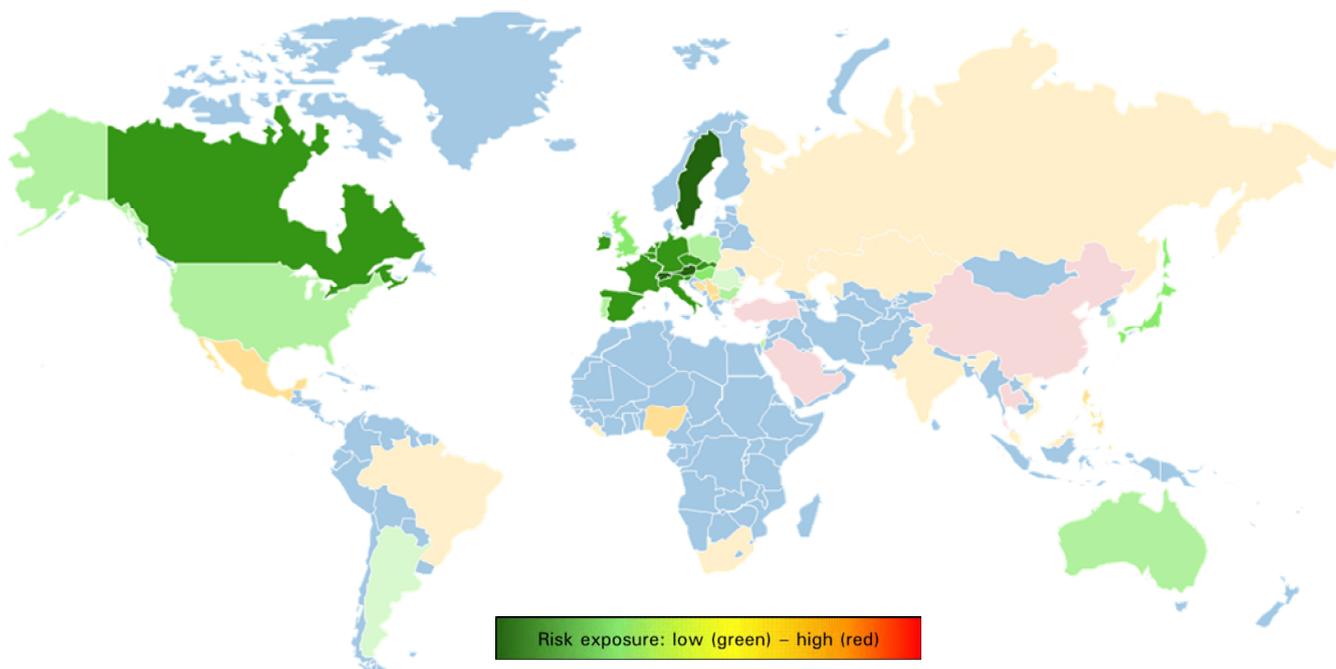


Figure: Global distribution of the risk situation by country, viewed by relevance.

The effectiveness of the preventive measures is reviewed once a year as well as on an ad hoc basis if our company has to reckon with a significantly changed or significantly expanded risk situation in its own business area or the business area of a direct supplier, for example as a result of the introduction of new products, projects or a new business area.

2.4 Corrective actions

In the event that we contribute to potential or actual violations of human rights or environmental obligations through our business activities or are indirectly linked to them - for example through the business activities of our direct suppliers - we endeavor to contribute to appropriate remediation and prompt redress by the responsible parties. If we have a reasonable suspicion or concrete indication of possible violations of human rights- or environment-related obligations in our company or along our upstream value chain, we follow this up carefully and consistently. We oblige our business partners to support us in clarifying the facts and to cooperate fully within a reasonable timeframe. Depending on the severity of the violation, we reserve the right to take appropriate action in connection with our business partners, ranging from a request to remedy the violation immediately to legal action and termination of the business relationship.

Conduct by our employees that is inconsistent with human rights- or environment-related obligations, and thus our Code of Conduct, will not be tolerated and may result in disciplinary action. Regardless, we work to redress the injury.

The effectiveness of the corrective measures is reviewed once a year and on an ad hoc basis if our company has to expect a significantly changed or significantly expanded risk situation in its own business area or the business area of a direct supplier, for example as a result of the introduction of new products, projects or a new business area.

2.5 Complaint procedure

We reject any form of human rights violations. Appropriate and effective complaint management is therefore an important part of our due diligence processes to effectively prevent and remedy potential adverse human rights impacts caused by our company and our business activities. We have established a corporate incident reporting system that is accessible inside and outside the company and participate in industry-wide procedures.

This includes, for example, participation in a pilot project of the Sector Dialogue Automotive Industry - the Intercompany Grievance Mechanism (Unternehmensübergreifender Beschwerdemechanismus - UBM) in Mexico. This mechanism is designed to help close protection and accountability gaps and improve access to redress for affected parties through a collaborative approach, as well as prevent potential harm. The UBM is designed to address complaints about potential adverse impacts along the upstream value chain of participating companies in Mexico. With the involvement of rights holders on the ground, the UBM is continuously being developed.

Our incident reporting system provides internal and external stakeholders, as well as all potentially affected parties worldwide, with a confidential communication channel to report possible violations of human rights and international agreements. Access to the incident reporting system is communicated proactively and in the suitable language to these groups in order to accommodate differences in target groups. The incident reporting system is available in 17 languages to ensure that as many target groups as possible are aware of the available complaint mechanisms and can use them.

All reports of possible human rights violations are investigated internally, independently and with the necessary expertise. The confidentiality of informers is respected. Reports can also be made anonymously. Informers who have reported possible violations to the best of their knowledge and in good faith are protected from disadvantages and punishment in connection to the complaints they have submitted.

Our systematic handling of complaints and the insights gained from them enable us to continuously improve our human rights due diligence processes including prevention and remediation measures and the complaint procedure itself.

The effectiveness of the complaints procedure is reviewed at least once a year and on an ad hoc basis if our company has to expect a significantly changed or significantly expanded risk situation in its own business area or the business area of a direct supplier, for example as a result of the introduction of new products, projects or a new business area.

2.6 Management of indirect suppliers

The focus of our risk management activities along the supply chain is on our direct suppliers for products and services. However, we are of course also aware of our responsibility in the context of our indirect supplier base and include them in our considerations wherever possible.

Our incident reporting system is accessible to everyone and offers the opportunity to report information to us on risks along our entire value chain, which we investigate just as intensively if it affects our business activities, direct or indirect suppliers.

We also pay particular attention to analyzing our supply chains for conflict-affected raw materials and, for example, review our supply situation for cobalt, gold, tin, tungsten and tantalum through annual analyses with our affected suppliers.

2.7 Documentation and reporting

In our annual Sustainability Report, we inform the public about our human rights commitments as well as due diligence processes and their effectiveness.

We do this by reporting on significant human rights risks and impacts identified by us through business activities along our global supply and value chains and describe our implemented prevention and mitigation measures. We also publish details on this in our report to the BAFA as monitoring authority to fulfill our obligations under the German Supply Chain Due Diligence Act.

We make these documents available to the public at on our website www.brose.com.

In addition, we continuously document the fulfillment of our due diligence obligations within the Brose Group. The documentation of the processes described in this policy statement is kept in accordance with legal requirements.

3 Prioritized human rights and environmental risks

We recognize that our business activities and our global supply and value chains can potentially cause adverse impacts on human rights and the environment.

We are committed to respecting all internationally recognized human rights and particularly focus our human rights due diligence processes on the following human rights topics, which we have identified as significant for our company through a risk analysis. In these topics, we see the greatest risks of negative impacts on people that are directly or indirectly related to our business activities at our sites and in our global supply and value chains:

- Restrictions on freedom of assembly and association. This also includes the systematic combating, suppression and sabotage of employee representations

- Discrimination in any form, for example by gender, age, ethnic and social origin, nationality, religion or belief, physical or mental disability, sexual orientation
- Occupational health and safety hazards
- Precarious employment and working conditions
- Damage to health, to the livelihood, or to economic assets needed for subsistence, such as through water, soil, or air pollution or deforestation
- Women's rights
- Diversity, equality and inclusion
- Land, forest and water rights and eviction

The following human rights issues were also considered in our risk analysis, but do not pose an increased risk to our business activities including our supply chains:

- Forced and child labor
- Corruption and bribery
- Threats to consumer protection and lack of product stewardship
- Restriction of the rights of local communities and indigenous people
- Threats to data protection and privacy
- Restriction of land rights
- Restriction of access to education
- Ethnic recruitment
- Rights of minorities and indigenous people
- Use of private or public security forces without sufficient control

In our efforts to respect human rights, we focus on the following groups of people, as their human rights are potentially at risk through business activities along our global supply and value chains:

- Own employees at all locations including apprentices
- Temporary workers and leasing staff
- Employees of business partners and joint venture partners
- Groups of people in our supply chain: employees in raw material production and raw material processing as well as in the production of intermediate products, employees of service providers and direct suppliers
- Groups of people with an indirect link to the value chain: members of local communities and residents near sites, family members, employees in public authorities.

We place a special focus on groups of people who have special needs, are socially excluded, or find it difficult to make their concerns heard.

Environmental risks are identified and assessed on a cyclical and site-specific basis in the context assessment and in the environmental aspect assessment. This process and the implementation of measures to reduce risks are controlled by the environmental management system and checked by audits.

In the environmental aspect assessment, the relevant processes are evaluated with regard to the possible risks in the normal or abnormal course of events as well as against possible violations of legal regulations and standards and weighted according to their impact.

The following environmental aspects are used in the evaluation:

- Energy consumption
- Resource consumption
- Chemical consumption
- Hazardous waste generation
- Non-hazardous waste generation
- Wastewater generation
- Uncontrolled release into water and soil
- Emission with global impact
- Emission with local effects
- Importance for the environment

For these environmental aspects different environmental impacts are defined and weighted afterwards. The following impacts are considered:

- Toxicity
- Resource consumption
- Global warming potential
- Noise pollution
- Odor pollution
- Dust exposure
- Vibration
- Electromagnetic radiation

4 Human rights- and environment-related expectations

The expectations Brose has of both its own employees and external business partners are described and detailed in the following documents:

- FIRST - Corporate principles (public - brose.com)
- Code of Conduct (internal)
- General Terms and Conditions of Purchase (public - brose.com)
- Code of Conduct for Suppliers and Service Providers (public - brose.com)
- Sustainability strategy (public - brose.com)

Coburg, March 2023



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