



# Sustainability Report Brose Group 2021

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# About this report

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This Sustainability Report outlines the reporting period from 1 January to 31 December 2021. Brose aims to adhere to an annual reporting schedule in the future. The contents of the report are guided by the materiality assessment based on GRI standards, which was performed for the 2019 Sustainability Report (see Materiality assessment, p. 11). It was validated for this 2021 Sustainability Report. Unless otherwise stipulated, all information contained in the report refers to the entire Brose Group. [GRI 102-45]

Responsible for content in the sense of German Press Law: Ulrich Schrickel, CEO Brose Group, Brose Fahrzeugteile SE & Co. KG, Coburg, Max-Brose-Straße 1, 96450 Coburg, Germany.

To improve readability, we have generally chosen the generic masculine as the linguistically correct, gender-neutral form in our Sustainability Report to denote all genders.

## **Liability disclaimer**

We have prepared the data contained in this Sustainability Report with the utmost care. Nevertheless, we cannot rule out any errors. Consequently, the Brose Group accepts no liability and makes no guarantee with respect to the correctness or accuracy of the information contained in this Sustainability Report. In addition to retrospective analysis, forward-looking statements made in this report were prepared based on existing forecasts. Although these have been prepared with the utmost care, unforeseeable developments in the future may lead to different results. Therefore, any forward-looking statements made in this report should not be regarded as certain.

The Brose Group reserves the right to update this Sustainability Report without additional notice.

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# Foreword of the Executive Management Board

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Ladies and Gentlemen,

For more than 110 years the long-term development of our family-owned company has been at the center of all we do at Brose. For us, sustainable work means conscientiousness towards the environment and our company. We are fortunate to be able to build on an ownership structure that guarantees continuity. Thanks to a solid self-financing concept, we will continue to drive future growth and technological advancements while preserving our independence.

This report covers the progress we have already made in the three sustainability dimensions environment, people and sustainable management, and the work that lies ahead. We align our efforts with the principles of the “UN Global Compact” and the Sustainable Development Goals outlined in the United Nation’s Agenda 2030. We also participate in the industry dialog promoted by the German National Action Plan on Business and Human Rights. Moreover, Brose is a founding member of the “Responsible Supply Chain Initiative” established by the German Association of the Automotive Industry during the reporting year, and also provides the board’s chair. The association drafted an international standard for sustainability in the automotive supply chain that won the 2022 “German Award for Sustainability Projects”.

During the year under review, the executive management board adopted the Brose Group’s sustainability strategy. It includes a clear statement on every aspect of sustainability and corporate responsibility. It shows that we not only take responsibility for the financial future of the company, but also for the society in which we operate, the people we work with and the environment on which our very lives depend. Climate protection is one such area: Brose will become a CO<sub>2</sub>-neutral company. The climate-neutral operation of our sites is an important step in this direction.

Our components and systems help reduce energy consumption and emissions in vehicles, whether by achieving weight savings through lightweight design or by increasing the efficiency of auxiliary systems. The selection of materials also has a major impact on the ecobalance of our products, which is why we incorporate simple, reusable materials whenever possible and systematically recycle. We include manufacturing processes that avoid waste and focus on energy-efficient technologies as early as the design phase of product development. Our family-owned company also expects suppliers to comply with high sustainability standards. Alongside quality and price, systematic alignment and compliance with sustainable principles is a requirement when awarding contracts.

Motivated employees are a company’s most important assets, especially in a volatile climate. Brose promotes and demands entrepreneurship at every level of the company. We offer our employees an attractive working environment, interesting development opportunities and fair, performance-based compensation. Our family-owned company’s values are readily apparent in our uncompromising commitment to occupational safety and health and the respectful way in which we treat each other. Our company is involved in numerous projects in each of its locations worldwide – in the tradition of our company’s founder, Max Brose. We assume social responsibility and sponsor projects, investments and individuals in society, education, culture and sport.

I hope you enjoy reading this informative report!

A handwritten signature in blue ink that reads "Ulrich Schrickel". The signature is fluid and cursive, written in a professional style.

Ulrich Schrickel  
CEO of the Brose Group

# Company profile

Last updated: 31 December 2021

Brose is the world's fourth-largest family-owned automotive supplier. No matter where in the world a vehicle door or window is opened, a car seat adjusted or the air conditioning turned on – you will almost always find Brose Group technology in use. Although usually not visible to the driver, our products provide more comfort, safety and efficiency. Brose is the market leader in many areas, for example in door systems or electronically commutated cooling fan modules. The 100-percent subsidiary Brose Antriebstechnik has been manufacturing e-bike drives since 2014.

## Facts and figures

Around 25,500 employees, roughly 59 percent in Europe and Africa, 25 percent in America and 15 percent in Asia. Three headquarters in Coburg (CEO, Interior division), Hallstadt (Exterior division) and Würzburg (Drives division) along with two regional headquarters in Detroit/USA and Shanghai/China

Company name: Brose Fahrzeugteile SE & Co. KG, Coburg  
 Headquarters: Max-Brose-Str. 1, 96450 Coburg, Germany  
 Investments in research and development: 9.7 percent of sales

## Governance

Shareholder family: Michael Stoschek (Chairman of the Brose Group), Christine Volkmann and their respective children

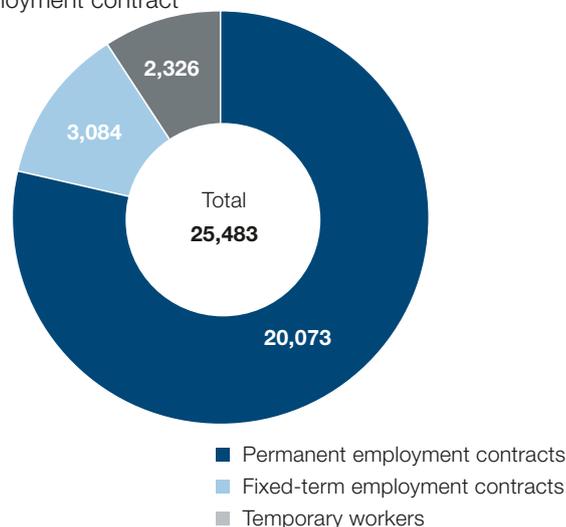
Advisory Board: Franz-Josef Kortüm (Chairman of the Brose Advisory Board), Prof. Dr.-Ing. Thomas Weber (to 31 December 2021), Prof. Dr. Andreas Wiedemann (to 28 February 2021), Dipl.-Wirtschafts-Ing. Jan-Hendrik Goldbeck (from 1 March 2021)

Executive Management Board: Ulrich Schrickel (CEO Brose Group), Niklas Beyes (Executive Vice President Commercial Administration Brose Group, to 23 March 2021), Dr. Philipp Schramm (Executive Vice President Commercial Administration, from 24 March 2021), Dr. Olaf Gelhausen (Executive Vice President Organization and Human Resources), Sandro Scharlibbe (Executive Vice President Interior Brose Group, to 30 June 2021), Andreas Jagl (Executive Vice President Interior, from 1 July 2021), Raymond Mutz (Executive Vice President Drives), Christof Vollkommer (Executive Vice President Exterior), Thomas Spangler (Executive Vice President Operations)

The shareholder meeting is the highest governing body in the Brose Group. Three of its members are women and two are men. All shareholders have been socially committed for many years.

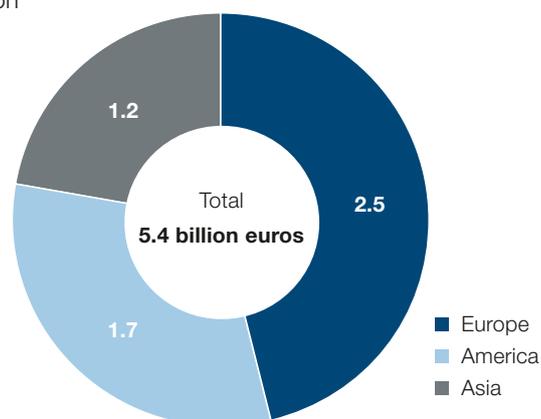
## Employees 2021

By employment contract



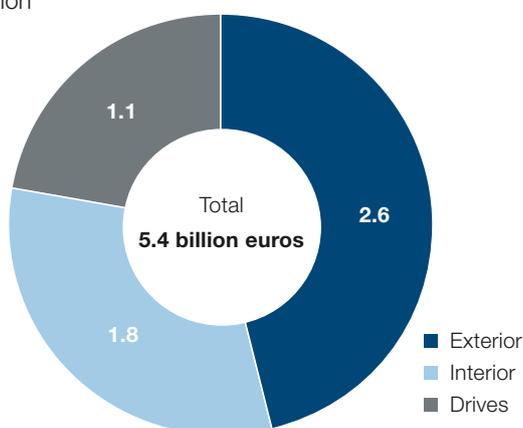
## Sales 2021

By region



## Sales 2021\*

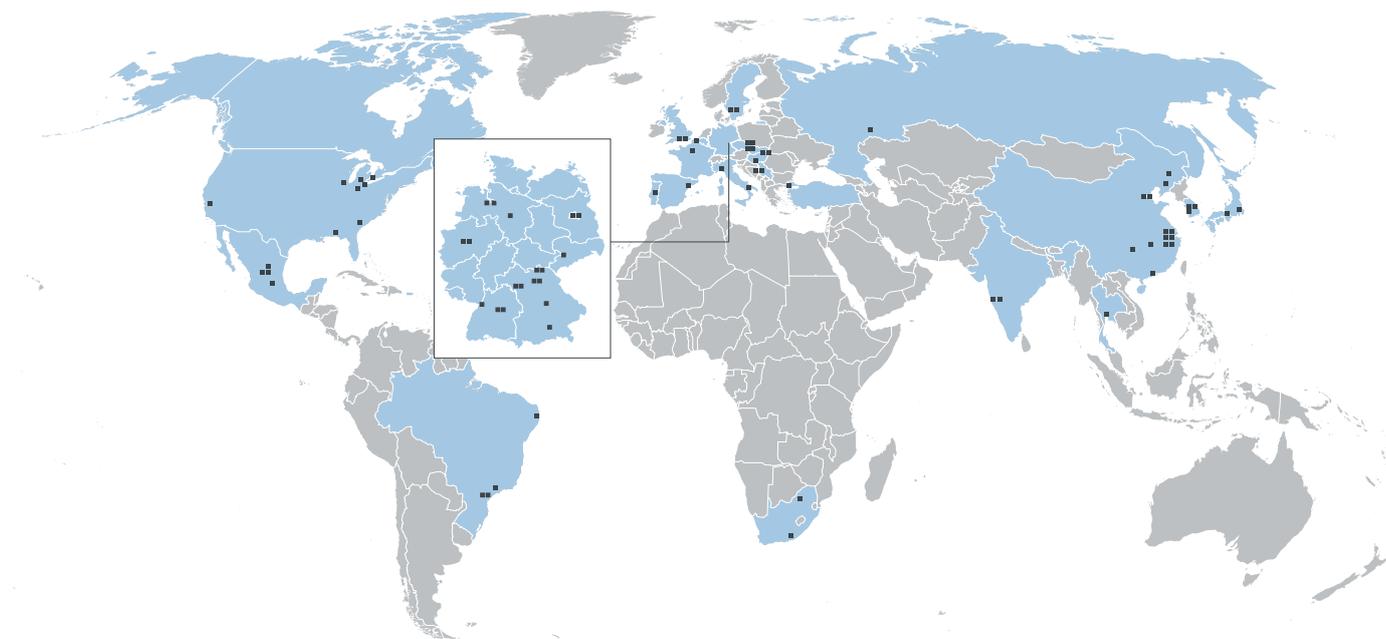
By division



\*Difference in total due to rounding.

### Locations and internationalization

Brose operates 65 locations in 24 countries, including 45 of our own plants and six production sites with local partners.



### Interest groups, public funds and taxes

We are engaged in politics and society in the countries in which we manufacture our products. This is why we are a member of national and international interest groups. In Germany some of these groups include the Employers' Associations of the Metalworking and Electrical Industries in Bavaria (bayme), the German Electrical and Electronic Manufacturers' Association (ZVEI), the Association for Supply Chain Management, Procurement and Logistics (BME), the German E-Mobility Association (BEM) and the German Association of the Automotive Industry (VDA).

We are also members of the German chambers of commerce in the US, China, Slovakia, Spain, Japan, France, Great Britain, India, Italy, Mexico, the Netherlands, Sweden, Hungary, the Czech Republic and South Africa among other countries. No political contributions were made during the reporting year.

#### Public funds

in millions of euros of the total payments, by region

	2019	2020	2021
China	4.2	14.5	10.3
Germany	0.4	0.5	0.6
Europe (excluding Germany)	1.3	7.1	2.1
Rest	5.3	2.3	4.8
<b>Total</b>	<b>11.2</b>	<b>24.4</b>	<b>17.8</b>

## Products

Although usually not visible to the driver, many of the features that enhance vehicle safety, comfort and efficiency are based on our products. Backed by decades of expertise in mechanical, electric and electronic systems and sensor technology, we develop comprehensive solutions for our customers.

### Systems for doors, liftgates and lids

Brose is the world market leader in the development and manufacturing of mechatronic products for vehicle doors and liftgates. With over 90 years of experience we set trends that enhance safety and comfort. Our door systems integrate all of the mechanical, electrical and electronic functions of a vehicle door into a single door system. This eliminates a number of components, thereby reducing weight and costs.

Our system for hands-free opening and closing of liftgates and trunk lids sets new standards. We have transferred this expertise to a power side door drive that makes a new dimension of comfortable vehicle access possible. Our contact-free sensor technology is the foundation for the safety of these systems: it uses radar to detect obstructions and stop doors from opening before a collision occurs.

### Adjustment systems for front and rear seats and the interior

Virtually no other car feature must satisfy as many individual needs as the vehicle seat – from passengers' growing comfort expectations to the desire for maximum flexibility

in the vehicle interior. Components and systems from Brose help manufacturers meet this challenge.

Our portfolio ranges from manual seat adjusters to all-electric power seat structures with lumbar support and a massage function. Active positioning of the headrest and side bolsters along with adjustment of the rear seat entertainment complete the product range. Our goal is to increase passenger comfort and safety – from entering the vehicle and buckling up to adjusting the seat position. Thanks to advanced material concepts and production methods, we produce one of the lightest seat structures worldwide.

### Electric drives

Brose motors and drives are also used in thermal management, the drive train as well as in the chassis and steering. In addition, they operate window regulators, seats, liftgates and side doors. Brose has also transferred its expertise from the automotive industry to e-bikes and e-scooters.

Power auxiliary systems reduce energy consumption and at the same time make driving a more pleasurable experience. One example is the electric air conditioning compressor: it is more energy efficient than conventional variants powered by an internal combustion engine because it only works when it is needed. It also increases driving comfort, for instance when the air conditioning system ensures that the car is the desired temperature before passengers enter the vehicle. Electric vehicles already rely on this technology.

## Product portfolio

### Exterior

Door systems  
Side door drives  
Window regulators  
Closure systems  
Liftgate systems  
Motors and electronics

### Interior

Front seat structures  
Rear seat structures  
Seat components  
Adjustment systems for the vehicle interior  
Motors

### Drives

Systems for thermal management and the drive train  
Motors for chassis and steering  
Electronic controls  
Sensor technology  
Drives for micromobility



# Philosophy

In accordance with our goal to deliver first-class performance in every respect, the shareholders, advisory board and executive management board of the Brose Group approved the “FIRST” company principles.

## **F** Family

The family members place the company’s interests ahead of their own. Thus, we will grow in a profitable and self-financed way, and maintain our family-owned company’s independence.

## **I** Innovation

We set standards with innovative mechatronic systems and components, securing a leading market position with the best price-performance ratio.

## **R** Respect

Every employee, especially every manager, is a role model. Aware of our social obligation, we act fairly towards employees on all levels and at all locations.

## **S** Success

We deliver top performance to our customers. Therefore, we set the highest quality standards for ourselves and our partners.

## **T** Team

Shareholders, board members and employees collaborate based on trust, take clear and fast decisions and assume responsibility for their actions.

We want to be a point of contact for suppliers, society and policy makers at our locations and promote socially and environmentally responsible development. We take responsibility for the impact of our products on the environment throughout their entire life cycle. We are committed to the continuous improvement of our processes in consideration of economic aspects and necessities.

### **It is our goal to**

- Sustainably reduce adverse environmental effects
- Improve the energy efficiency of our products and continuously improve production
- Prevent risks of injury and health hazards
- Provide a safe and ergonomic working environment for our employees
- Use suppliers that follow our sustainability and ethical principles
- Provide the necessary financial, structural and human resources
- And comply with legal and regulatory requirements.

We avoid risks, prevent mismanagement and fight waste. We eliminate or mitigate the causes whenever and wherever we identify them. We also take targeted organizational and HR-related measures.

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# Sustainability management

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Brose's sustainability management is based on a streamlined structure that is aligned with the company's own sustainability strategy. Building on this strategy, we have implemented topic-specific, HR responsibilities for the individual areas and functions. We take responsibility for sustainable executive management with regard to economic,

environmental and social aspects. This is also reflected in our Code of Conduct along with the requirements we place on our entire supply and value chain. Not least, as an overarching field of action, the issue of sustainability is an essential element of our corporate strategy.

## Sustainability organization

Since no separate organizational unit exists for sustainability in the Brose Group, responsibility for specific economic, environmental and social topics has been assigned to the individual areas and functions. The Executive Vice President Operations has overall responsibility for sustainability. The Chief Corporate Responsibility Officer (CCRO) of the Brose Group reports to him. In this position he structures and coordinates all issues related to sustainability between the individual functions and divisions.

The CR Board meets monthly and features representatives from all functional areas that are able to contribute to sustainability. The regions are also included in the discussion via representatives from Detroit/USA and Shanghai/China. The CR Steering Committee acts as a link between the CR Board and the executive management board. It consists of two members of the executive management board along with the CCRO and meets as needed. The necessary decisions on sustainability topics are either rendered directly during these meetings or prepared for presentation at the meeting of the executive management board.

The management systems for environment, energy, health & safety (EHS) and fire prevention and hazard management are consolidated under the term "technical sustainability" and fall under the Chief Operating Officer Production's direct area of responsibility. In addition, environmental and energy coordinators were appointed in every business division. At least once a quarter members of the EHS Board meet under the leadership of the Chief Operating Officer Brose Europe – these include coordinators from the business divisions along with representatives from Purchasing, Human Resources and Corporate Communications as well as other group functions depending on the topic. The committee assists the executive management board with the implementation of guidelines for environment, energy and occupational safety and health by discussing alternatives and deciding upon actions.

## Brose sustainability strategy

The Brose Group sustainability strategy was adopted by the executive management board in February 2021 and includes a clear statement on every aspect of sustainability and corporate responsibility. It shows that we not only take responsibility for the financial future of the company, but also for the society in which we operate, the people we work with and the environment on which our very lives depend.

The shareholders and executive management board lead the Brose Group as a global, sustainably operating corporation and base their decisions on the following principles:

**Brose is committed to protecting the environment:**

Brose factors economic criteria along with environmental aspects into its decision-making to continuously reduce the ecological impacts of operations.

**Brose will become a CO<sub>2</sub>-neutral company:**

Brose's objective is to become a carbon-neutral company. A major milestone along the way is operating Brose's locations in a CO<sub>2</sub>-neutral way by 2025. Where this is not possible, high-quality offset projects will come into play.

**Brose shows responsibility towards employees:**

Our employees are the bedrock of the Brose Group's long-term success. Key focal points include ensuring fair working conditions and appropriate wages, personalized development opportunities and guaranteeing comprehensive occupational safety and health.

**Brose shows responsibility towards society:**

Brose takes its social responsibility at all of its locations seriously and sponsors a number of activities that add educational, cultural, social, sports, health, infrastructure, employment and regional value to local communities.

**Brose operates according to a Code of Conduct:**

Compliance with laws and regulations is a matter of course for Brose. Our employees act with fairness and integrity towards each other and external partners and interest groups. Our Code of Conduct serves as a compass and is

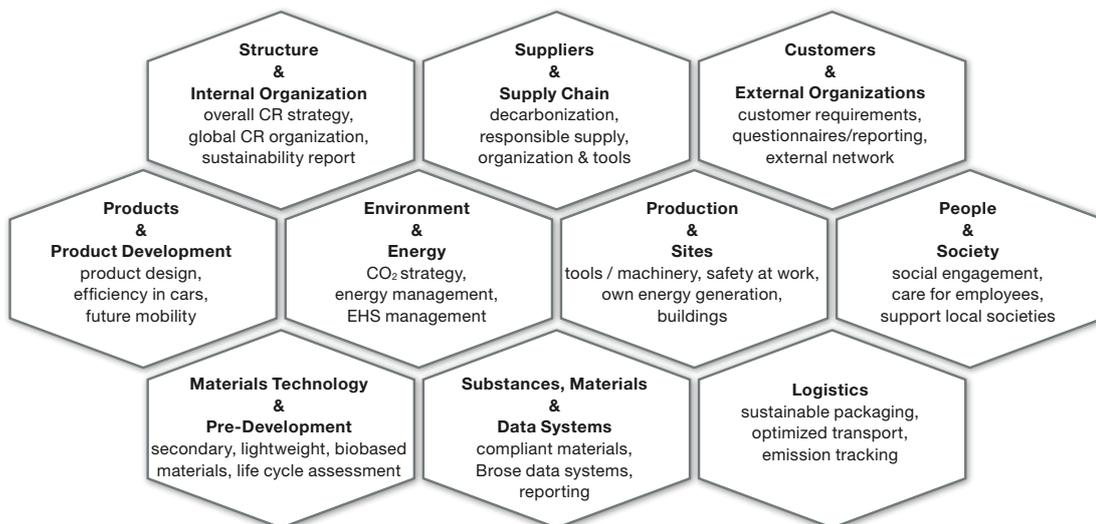
guided by values such as openness, tolerance, respect, positive human interaction, fairness, reliability and honesty, among others. We call on all our employees to conduct themselves in accordance with this Code and to take immediate, resolute action if they observe any violations.

**Brose engages the supply chain:**

Brose requires suppliers to comply with principles such as fair business practices, just working conditions, human rights or environmental standards and to expect them from their own suppliers so that these principles are practiced along the entire value chain. Alongside quality and price, systematic alignment and compliance with these principles is a requirement when awarding contracts.

**Brose is committed to customers:**

Environmental and climate protection and ensuring adherence to social standards are essential for Brose throughout the entire value chain and are embedded in every phase of the product development process. This enables us to offer customers sustainable, future-ready solutions and help them achieve their own sustainability and corporate responsibility objectives.



Based on this strategy, we developed ten fields of action and further cemented them with focal points and target visions. This is the foundation for continuous further development towards a completely sustainable company. At the same time, we also incorporated the subject of

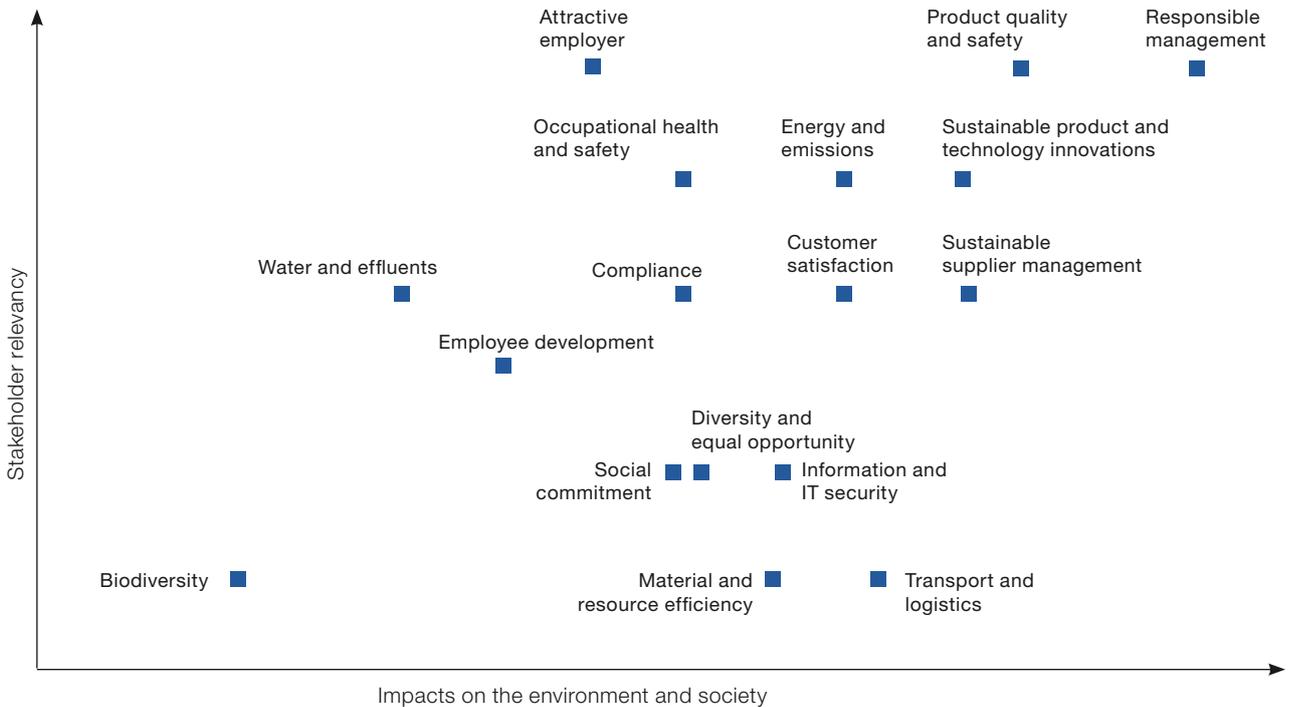
sustainability as an overarching field of action in the corporate strategy. This means it impacts all areas and functions and has become an essential building block in ensuring the company's future.

## Materiality assessment

To determine the material content of this report we conducted a multi-step process with an external sustainability consultancy. In the first step a comprehensive, selective list of potentially relevant topics was prepared and then compressed into a shortlist. We used this as the basis for a workshop with those responsible from the relevant functional areas to carry out two assessments: first, the shortlist topics were prioritized from the perspective of our most

important stakeholders (employees, customers, interested members of the public). Second, an analysis was performed to quantify Brose's impact on the environment and society for each topic. The resulting material topics were then validated and released by executive management. The results of the analysis were once again validated and confirmed for this report. [GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47]

### Topic matrix for materiality assessment



## Compliance and risk management

We further expanded our Compliance Management System in 2021 using the ISO 37301 certification standard for orientation purposes. Full certification is planned in the near future once the system is adequately implemented. The Brose Group Chief Compliance Officer is the Compliance Management System process owner and is responsible for risk-oriented enhancements to the system via the global compliance organization. The system is designed to ensure ethical and legally compliant conduct within the Brose Group. Moreover, it helps us control and minimize compliance risks. The principal focus of the program is antitrust law and avoiding corruption. The Compliance Management System encompasses prevention measures in the form of training courses and consultations for employees in individual cases, monitoring of compliant behavior and responses to misconduct such as disciplinary actions or process improvements. Training courses are designed to address the individual risk propensity in specific areas of business and provide information on current planning or changes in legislation.

Regular reviews performed by the auditing department in Brose Group companies and locations support the Compliance Management System in preventing and uncovering corruption.

No material cases of corruption or antitrust law offenses were confirmed in 2021. Moreover, Brose did not receive any fines or penalties due to corruption or antitrust law offenses.

### **Code of Conduct fosters and demands ethical conduct**

The Brose Code of Conduct is given to every newly hired employee. Like our company principles, it is published on the intranet. Key contents of the Brose Code of Conduct include: humane conditions, collaboration with business partners, in particular fair business practices and preventing corruption as well as avoiding conflicts of interest, handling information and other assets, fairness and diversity, responsibility in the workplace and quality and environmental protection. The code applies worldwide at all of our locations and to all cultures and value systems. The rules and procedures are updated and adapted to current demands on a regular basis.

Supervisors are tasked with ensuring that the employees assigned to them understand and comply with the Brose Code of Conduct. The company will not tolerate any be-

havior that contradicts the Code of Conduct and such behavior may result in legal action. No serious breaches to the Code of Conduct were reported in 2021. Employees with PC access are required to participate in an e-learning course on the Brose Code of Conduct every 36 months. Course content is updated regularly. The courses last about an hour and raise awareness of the behavior norms outlined in the Brose Code of Conduct while making employees conscious of proper conduct in their day-to-day work. In the period from 2019 to 2021 9,395 employees completed a corresponding e-learning session. The average fulfillment rate for the year 2021 is approximately 93 percent worldwide.

### **Raising awareness for the topic area compliance**

Brose also offers on-site compliance training on the topic of "Fair treatment of business partners" in foreign and domestic companies of the Brose Group. More than 200 employees at European locations received training during the year under review. Training was supplemented with foundation courses on specific topics in the field of anti-trust law to raise awareness among employees involved in departments or projects that are particularly disposed to risks. Reviews were also performed to ensure compliance with signature rules, purchasing guidelines and business entertainment policies. To ensure non-discriminatory HR recruiting processes, the regional compliance organization in North America assists the HR department with its selection and recruiting processes. There are also regular communications concerning compliance topics in the region.

The Code of Conduct for Suppliers and Service Providers obliges our business partners to be socially responsible and comply with all applicable laws, in particular those governing the avoidance of corruption. The Code of Conduct should be seen as a supplement to the existing purchasing guidelines and is attached to the contract. It enters into force when the contract is concluded between the business partner and Brose.

### **Reporting potential compliance incidents**

If employees have questions about compliance topics or are aware of any compliance incidents, we expect them to actively seek a personal meeting with their supervisor to discuss the matter or directly contact the responsible Compliance Officer, HR support officer, the works council or the head of Human Resources Brose Group. Every concern is treated as confidential. Moreover, internal HR

audits are conducted to discuss the relevant topics by location and identify the need for action as required. Local and/or global employee surveys can further be used to compile information on inconsistencies.

The Brose Group has introduced the web-based whistleblower system "WhistleB" in 17 languages with accompanying information in all locations outside of Germany (except Russia). Employees, customers, suppliers and other business partners can use this system to confidentially or anonymously report violations against legal regulations. Reports usually involve possible violations

of antitrust law, the ban on corruption and corporate security; however, incidents such as theft, property damage or threats may also be reported. The media channel does not yet include reports on possible occupational safety, human rights or environmental law violations. All details in connection with employees at German Brose company locations were reported by phone or email directly to the responsible Compliance Representative. The introduction of the web-based whistleblower system in Germany is scheduled to coincide roughly with the German Whistleblower Protection Act (HinSchG) in order to meet upcoming legal requirements.

## Tax management

As a family-owned German company, we are aware of our responsibility to society when it comes to meeting our tax obligations. The Brose Group is committed to tax compliance via the C.A.R.E. Principles (Compliance, Attitude, Responsibility, Enforcement) in its internal Code of Conduct. This includes adhering to national and international tax laws.

The Executive Vice President Commercial Administration is responsible for taxes and tax strategy. He delegates tasks to Finance & Taxes Brose Group and the local Finance competence centers. Finance & Taxes Brose Group functions as the tax department for Germany and also coordinates the Brose Group's foreign tax roles. The head of Finance & Taxes and the Executive Vice President Commercial Administration share a constant exchange of information on key aspects of this topic. Among other things, these include current and future developments, the status of the risk assessment and the implementation of risk-mitigating measures or controls. Furthermore, the Executive Vice President Commercial Administration keeps the shareholders and advisory board abreast of important tax-related issues and the tax risk assessment.

An internal control system (ICS) for taxes was implemented to control and reduce domestic tax risks and comply with tax guidelines. Finance & Taxes Brose Group strictly adheres to tax guidelines and continuously monitors and improves processes and controls. Backed by the active support of the Executive Vice President Commercial Administration, the Brose Group has a modern, world-class tax function. The utmost value is placed on further

education and training for all employees via internal and external training courses.

To review and validate our position, the Finance & Taxes group function also relies on internal and external expertise. An auditing firm confirms our tax items in the annual financial statements. As part of its digitalization effort, the Brose group is working to further automate its processes and continually expand IT-based controls. Among other things, this includes IT-assisted modeling of tax-related processes to further improve the Tax Compliance Management System along with tool-based documentation and review of potential reporting obligations within the scope of EU DAC6 Guidelines.

The Brose Group follows a management approach to taxes aimed at avoiding impermissible tax reductions and tax evasion and complying with statement, reporting, cooperation and documentation obligations to tax authorities.

We do not engage in aggressive tax planning activities and we pay taxes wherever we operate in a value adding capacity. Our tax departments have professional relationships with tax authorities without losing sight of the justified interests of the Brose Group and the responsibility to shareholders and other stakeholders to keep tax burdens as low as possible.

Our involvement in association, ongoing professional education and training to enhance our tax skills and an exchange with internal and external stakeholders help us improve our tax position on a continual basis.

Tax concerns raised by employees, customers, suppliers and other business partners can also be reported via our web-based whistleblower system WhistleB. Employees at

German Brose companies were able to contact the responsible Compliance Representative by phone or email during the reporting period.

## Information and IT security

Brose's central Information Security Management System (ISMS) is at the core of our strategy for information and IT security. The Chief Information Security Officer (CISO) and his department are responsible for information and IT security in the Brose Group. As a staff department of the Chief Information Officer (CIO), it reports to the Executive Vice President Commercial Administration. This regular exchange enables the departments to engage in joint efforts to ensure corporate security, product safety and data privacy.

### Reviewing risks

We use the Basic Protection (IT-Grundschutz) Compendium promulgated by the German Federal Office for Information Security (BSI) to assess threats. The Information Security Working Group reports existing threats to the CISO's teams every two months. Brose records the risks in the ISMS, assesses and continues to track them. We use a scanner to uncover vulnerabilities in our IT systems at a maximum of two-week intervals. The results are registered in our central ticket system for processing and automatically assigned to the respective system or application owner. The centrally defined data classification makes it easier to identify sensitive data. Brose also prepares for cyberattacks with the help of regular security training courses. A global guideline provides deadlines for deploying software updates. The deadlines are based on

the Common Vulnerability Scoring System (CVSS) and the threat levels for the individual devices.

To provide our customers with proof of compliance with minimum information and IT security standards, we regularly undergo TISAX (Trusted Information Security Assessment Exchange) certification testing. The validity of the TISAX certificates with AL3+ prototype protection was confirmed for an additional three years in early 2021 for the Bamberg, Hallstadt, Wuppertal and Prievidza/Slovakia plants. Successful audits were also performed for the Würzburg location (AL3) and Tondela/Portugal location (AL2).

### Involving employees and business partners

All employees must complete an e-learning course on cybersecurity followed by an exam each year. Additional e-learning modules covering IT and information security topics are available to supplement these mandatory courses. We build on this training by raising awareness among employees with measures designed for specific topics and target groups. These training courses include on-site events and practical recommendations for action. We plan additional instruction for employees in HR roles and in the development departments, because they frequently come into contact with sensitive data in their day-to-day work.

# Privacy

Brose complies with the European General Data Protection Regulation (GDPR). To underscore its responsibility as a trusted employer, the company implemented corresponding internal data protection provisions for employees, applicants, customers and suppliers. These provisions govern how personal data must be handled.

Our data protection guidelines define the responsible regional and/or local contacts in their roles as data protection officers, managers and coordinators and the basic principles for satisfying the requirements set forth by the GDPR. Moreover, they provide a framework for how Brose and its employees should accept ownership of these responsibilities.

The data protection guidelines are binding for all employees in our European locations and are always accessible to all employees via the Brose intranet. To ensure adherence to data protection regulations, every employee with access to a PC is required to regularly complete an e-learning course on the topic of data privacy every two years.

Beyond this, data privacy is also covered in our Global Terms and Conditions of Purchase. We have suppliers who receive access to sensitive data from Brose agree to process this data in line with legal requirements (Art. 28 GDPR).

One of the most important provisions under GDPR is the erasure of personal data as soon as it no longer fulfills the original purpose of processing or subjects have revoked their consent to have their personal data processed. SAP Success Factors will be introduced as the Brose Group's leading new HR system during the course of 2022. This deployment will consider GDPR requirements and implement them within the system.

Affected persons can contact the company in accordance with GDPR guidelines to assert their rights. Our data protection guidelines will also include standards to ensure inquiries are processed in a timely manner. Country-specific data protection regulations apply outside the EU and local Brose companies are responsible for implementing these regulations. There were no complaints concerning breaches of customer privacy or losses of customer data during the reporting year.

# Sustainable procurement

Brose is working on establishing the most efficient and resource-conserving groupwide methods of purchasing raw materials and products while considering both internal and external supply chain sustainability requirements.

The Supplier Innovation and Sustainability team is responsible for coordinating sustainability requirements within the supply chain. The team's tasks include ensuring suppliers comply with requirements and continuously further developing the corresponding processes. Our Code of Conduct for Suppliers is the framework for compliance with sustainability requirements. To continuously expand and establish our processes we participate in industry initiatives aimed at improving transparency in our supply chains, realize regular benchmark meetings with leading businesses in the automotive sector and unrelated segments and convey our insight through training courses and supplier discussions within our supply chain.

## High standards and initiatives for more sustainable procurement

We rely on premium quality suppliers and set high standards for purchased parts and capital goods to exceed our customers' expectations. Even before awarding a contract, Brose conducts a thorough review of the supplier's technology and process capabilities. Acceptance of the Brose Code of Conduct, where we have compiled our high social, ethical and environmental standards, forms the basis for our continuing collaboration. Regular progress checks are carried out once a contract has been awarded. The supplier must deliver precise information regarding the project and the project development status. Upon series start we perform additional assessments and evaluate compliance with our high quality standards. Our guidelines are aligned with those of the automotive industry in accordance with IATF 16949 (International Automotive Task Force).

To satisfy the constantly rising automotive market demands for sustainable procurement, Brose is not only a founding member of the RSCI (Responsible Supply Chain Initiative), but also provides the chair who spearheads the initiative. We also work in a VDA project group with automakers and tier-1 suppliers to create a standardized global sustainability assessment mechanism for companies in the automotive supply chain. It places special focus on standards concerning human rights, forced labor and child labor, occupational safety and environmental protection. The sharing platform delivers comparable audit results and

thus leads to mutual acknowledgment of these outcomes in the supplier network. RSCI's 2022 launch will prevent multiple audits and minimize auditing expenditure overall throughout the industry. Brose will already be performing the first audits at its suppliers during the pilot stage in 2022 and will raise this to the standard for satisfying the due diligence obligations outlined in the German Supply Chain Act. Performing these audits is included as a KPI in the procurement management strategy process. At the same time, it also takes into consideration the sustainability requirements of a wide range of stakeholders in our industry.

To structure Brose requirements and make these available to suppliers, we consolidated them into two Brose standards on sustainability alongside the Supplier Code of Conduct and communicated them in 2021. We use these standards to describe the requirements and expectations we have of our suppliers to determine and successively improve their ecological footprint and work together with Brose to achieve long-term climate neutrality targets in both our processes and the products we deliver. We have specific requirements regarding the emission reduction steps needed to achieve 2025, 2030, 2035 milestones and climate neutrality in 2039 and to increase the use of secondary material and recycle in the products we procure.

We documented an initial status for our supplier base in a survey of our production material suppliers, in which around 25 percent of our suppliers participated. We derive valuable information from this survey that will enable us to build a platform to exchange environmental and sustainability figures, which we in turn will use to manage our supplier base over the long term.

We demand zero-defect products from our suppliers based on the principle of avoiding errors throughout the entire supply life cycle. Suppliers must provide detailed documentation of their quality management measures. This includes initial sample documents or proof of qualification and requalification of the delivered parts. We take a similar approach to supplier approval for capital goods.

We strive for positive, collaborative partnerships with all of our suppliers, a consistent quality management system and continuous improvements to processes and products. We use audits to ensure the presence of effective management systems (IATF 16949). The validity of the certification is reviewed on a regular basis and considered in our supplier rating.

### Supplier assessment of ecological aspects

At Brose our approach is to map the entire production and product life cycle in the most ecological way possible. Our environmental management system is based on the ISO 14001 standard.

We also expect our suppliers and delivered parts to meet the highest ecological production and product life cycle standards possible. The Code of Conduct for Suppliers requires them to be socially responsible and comply with all applicable laws. We perform a specific review of ecological criteria for new suppliers.

To support our suppliers' efforts to implement environmental protections, we launched a series of training courses in 2020, which we systematically expanded and thematically enhanced in 2021. They now cover the necessary standards and additional expectations Brose has on suppliers. Topics not only include environmental protection but also the sustainable reduction of emissions in our suppliers' products and processes.

While the pilot workshop took place in Germany, we had already rolled out the training courses for suppliers in Europe and North America in 2021. Five training courses were held both as in-person and online events and were attended by 49 participants from 24 different Brose suppliers. In late 2021 we expanded our training program again and now offer three different modules in all of the regions where Brose purchases goods.

### Employment conditions and ethical and moral principles

In the spirit of our Code of Conduct and company principles we encourage employees to exercise their freedom of association and engage in collective bargaining. These principles apply in the same way to every vendor the Brose Group works with. We have high expectations of ourselves and our suppliers when it comes to employment conditions. Our Supplier Code of Conduct is an integral part of every Brose supply contract. To our knowledge, none of our vendors tolerates child labor or dangerous working conditions. Similarly, to our knowledge, we work exclusively with suppliers that do not subject their employees to forced or compulsory labor. Moreover, we are unaware of any cases where suppliers do not meet our company's ethical and moral principles. 2022 marks the start of our regular, event-related audits in accordance with the RSCI standard.

We always review every new supplier's capability and performance. We use the supplier onboarding process, supplier self-assessments and additional evaluations of key issues such as innovative strength or environmental management systems for this purpose. As part of the process, Brose sends all potential suppliers a Self-Assessment Questionnaire (SAQ). This Self-Assessment Questionnaire requires suppliers to make explicit statements regarding their moral principles and internal compliance rules, among other topics.

For instance, companies must be able to provide information on whether they can assure that no child or forced labor and no discrimination is tolerated on the basis of gender, race, skin color or similar. These questions are based on the Code of Conduct that is binding for all Brose Group employees worldwide and is a fundamental part of our supplier management. Our Global Terms and Conditions of Purchase are available on the Internet at <https://www.brose.com/de-en/purchasing/general-terms-and-conditions-of-purchase/>

To underscore our efforts beyond our corporate and supply chain boundaries, Brose is an active participant in sector dialogs with the automotive industry as part of the National Action Plan for Business and Human Rights (NAP) promulgated by the German Federal Ministry of Labor and Social Affairs. Key members include reputable manufacturers and suppliers alongside countless non-government organizations and stakeholder groups. Brose expressly welcomes the recommendations for action drafted during the sector dialogs, as they provide us with valuable orientation aids for implementing the due diligence obligations outlined in the German Supply Chain Act, whose requirements Brose has consistently reviewed and embedded into its procurement processes and strategies since the law was published in 2021.

Moreover, we are also actively involved in task forces on sustainability and sustainable procurement practices in associations and cross-sector organizations such as AIM and quer.kraft. These efforts enable us to identify best-in-class solutions, for example on implementing sustainable procurement concepts in non-production materials and allow us to integrate them into our process design.

**Goods procurement in the regions and localization rate**

Around 1,300 suppliers from 58 countries throughout the world deliver products to the various locations of the Brose Group. During the 2021 fiscal year we procured 58 percent of goods and services from suppliers in Europe, 20 percent from the USMCA region, 21 percent from Asia and 1 percent from Brazil. Our suppliers' share of value added is about 60 percent.

The overall localization rate within the respective regions is 87 percent. This is just one of the ways we strengthen local economies and optimize transport routes, while simultaneously creating more local jobs.

When procuring new systems we also ensure that they meet our high environmental and energy efficiency standards. Our internal Production Equipment Specifications "Work Safety and Environment – Brose Norm (BN) 589580" are always an integral part of our technical specifications, which ensures these environmental and energy efficiency standards are firmly anchored in the procurement process. The BN 589580 standard defines minimum requirements for protection and prevention in planning, producing and building production equipment. Alongside economic efficiency, worker safety and environmental protection are criteria set by our own standard.

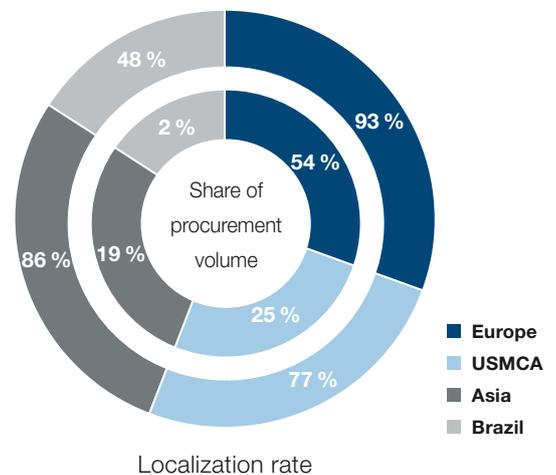
**Stakeholder engagement in purchasing**

The Brose Group values continuous communication with suppliers and customers and works hard to maintain the best possible business relationships, for example by conducting regular talks with suppliers. We use these to determine whether our vendors continue to meet Brose's high standards. [GRI 102-40, 102-42, 102-43, 102-44]

2021 marked the first time we presented our annual Supplier Innovation Days under the banner of sustainability. Existing and potential suppliers presented material innovations, process improvements and new methods in the areas of production materials and non-production materials over a two-day period. Their presentations garnered the attention of the entire Brose Group and we are currently investigating ways to implement these innovations at Brose. Over 200 Brose employees, primarily from Germany, took part. Concrete measures and implementation projects were discussed and were directly incorporated into the material strategies for CO<sub>2</sub>-reduced steel, for instance, or the design of paperless transport tracking, which is expected to be ready for deployment in 2022.

Share of procurement volume and localization rate

by region



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# Environment

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In the context of our identity as a family-owned company with global operations and an over 100-year corporate history, environmental protection and resource conservation are high priorities for Brose. Our environmental management system is based on international standards and is located in the central division Production. The Occupational Safety and Environment (ZAU) department is responsible for topics such as the environment, occupational safety, energy and fire prevention. As a result, ZAU sends defined targets to locations via the EHS program every three years and follows up on these targets.

When it comes to materials, Brose considers the carbon footprint from raw material extraction to recycling. We also test multimaterial systems, recyclate granulate, biopolymers and natural fiber-reinforced composite materials. During the 2021 reporting year we implemented 36 individual measures designed to increase energy efficiency in our production locations. The measures were primarily related to cross-sector technologies deployed across various manufacturing processes, such as compressed air, lighting, cooling or ventilation.

## Product life cycle, environmental management and energy management

Our “Guidelines for environment, energy and occupational safety and health” document our commitment as a globally operating company to utilizing environmentally friendly technologies. We monitor compliance with all rules and laws related to the environment and work to counteract violations. The Brose Group records all incident-related pollution. No significant pollution due to waste, chemicals or uncontrolled emissions released into the environment was reported during the period under review. No fines or other non-monetary sanctions were issued in 2021.

Brose has balanced the ecological footprint of its products for over two decades with the assessment standard it developed in-house (Brose Norm 590020). This tool not only evaluates CO<sub>2</sub> emissions over the entire life cycle, but also compares criteria such as material and resource efficiency, the share of regranulate and recyclate, material and thermal recyclability and the material used for packaging and packability with a predecessor or reference product. We also determine the share of reusable components in our products and aim to minimize the use of resources. And we bundle material and product transports. Brose wants to continually contribute to the steady improvement of the ecological efficiency of our business, from the top echelons of management to individual employees. This is defined in the Brose Code of Conduct.

Our annual certification according to DIN EN ISO 14001 shows how efficient our environmental management system is in all of the production locations of the Brose Group. Our process management is also certified according to IATF 16949.

To improve the energy efficiency of our production and infrastructure, we have also introduced an energy management system that is certified in selected locations according to the requirements of the DIN EN ISO 50001 standard. During the reporting year the system was expanded to include the Taicang/China location, meaning that 18 locations were equipped with the certified energy management system. 55 percent of Brose employees worked at an ISO-50001-certified location in 2021. We publish the respective ISO certificates on the Brose website.

## Sustainable product and technology innovations

In terms of company policy we are always reducing damaging environmental effects across the entire life cycle of our components and systems. Our “Guidelines for environment, energy and occupational safety and health” form the basis for this. When reducing damaging environmental impacts, the focus is on lightweight design along with the corresponding savings in energy and resource consumption. But the selection of materials also has a major impact on the ecobalance of our products, which is why we try to use simple, recyclable materials whenever possible and determine a recyclability rate for each product family. Energy efficiency is yet another factor that plays a key role in selecting the right supplier when procuring new systems.

We have representatives at the group and business division levels who are responsible for product safety. Since they are often assembly components, Brose products do not usually require their own certification. However, in individual cases they may be certified by the German Federal Motor Transport Authority (KBA). Risk assessments are performed according to the FMEA method, with improvement measures being implemented until there are no more assessments classified as critical and approval is granted.

We reduce the carbon footprint of the products themselves and our production as a whole by incorporating manufacturing processes that avoid waste along with energy-efficient technologies. Our extensive expertise and knowledge of materials and processes is a key advantage, demonstrated for instance in our ability to replace high-emission plastics with low-emission ones.

To reduce CO<sub>2</sub> emissions in production and during the service life of our products, we constantly strive to improve

them, with smaller form factors and lower weights being among our highest priorities. We made significant progress with multiple products in every business division during the reporting year. The basis used for calculation is the simplified Life Cycle Assessment according to Brose Norm BN 590020, which is based on ISO 22628. The defined service life is based on a useful life of 200,000 km, taking diesel, gasoline and electric motors into account.

This is how we reduced the carbon footprint of the products, i.e. product-related CO<sub>2</sub> emissions, during the 2019 to 2021 period by 242,904 t CO<sub>2</sub> annually. The reduction is calculated using the difference between the carbon footprint and the reference product and the number of products produced in the first twelve months. Our three business divisions exceeded their joint reduction target by 200,000 t CO<sub>2</sub>.

This reduction averages out to 3.1 percent of the annual product-related CO<sub>2</sub> emissions and corresponds to a reduction of 2.4 percent for the year under review. We achieve this through measures whose impact can be presented by the simplified Life Cycle Assessment as CO<sub>2</sub> equivalents. These measures include lowering material and energy usage, achieving weight savings and reducing hazardous substances and emissions in general.

The Brose Group participates in official audits and certifications. Our ISO 14001 and ISO 50001-certified management systems for energy and the environment assure compliance with the relevant, industry-specific environmental requirements in product design and manufacturing. Using international standards lends credibility to Brose products and makes them easier to compare.

**Exterior division**

A lightweight structural module enabled Brose to unleash the full technical and economic potential of organo sheet door modules. The carrier features a load-specific design, meaning that it can now also perform tasks related to door structure – the material construction with glass fabric and local reinforcements significantly enhances structural rigidity and crash performance. The result: the already lightweight organo door system is now over 1 kg lighter at the same or an even lower price point, making this technology the most affordable option for dramatic weight savings in doors.



Structure modules made of organo sheet stand for cost-effective weight savings in the side door.

**Interior division**

Brose is working on intelligent material combinations and design approaches for future seat structures to save weight and optimize production. For example: we were able to achieve weight savings of over 1.9 kg for an SUV front seat structure successor manufactured by a premium OEM compared to the reference product during the reporting year. A systematic analysis of the entire system was performed, which enabled us to redesign or completely eliminate three main components. We also cut the weight of nearly every individual part of the front seat structure by 10 percent. As a result, we save close to 25 kg of CO<sub>2</sub> per seat structure while maintaining comparable quality and functionality.



Brose's longstanding front seat structure expertise enables significant weight savings.

**Drives division**

Brose's FlexBlade design for cooling fan wheels achieves performance-related energy savings of up to 17 percent compared to its predecessor. Intelligent wing geometry in the wave design provides a tremendous performance boost compared to traditional fan wheels. The products are supplied as complete cooling fan modules comprising a shroud, fan wheel and motor. Instead of making our cooling fan module shrouds from polyamide (PA) as in the past, future shrouds will increasingly be manufactured from the lighter material polypropylene (PP). The material thicknesses is 17 percent lower than that of the older basic material, cutting the module's weight by around 6 percent. In addition, less energy is consumed during processing. The percentage of Brose cooling fan modules with PP shrouds is rising steadily and had already reached 85 percent by 2021.



Cooling fan modules from Brose are characterized by their exceptionally efficient operation.

## Energy use and emissions

In 2021 total energy consumption among all Brose locations was 1,508,590 MJ. This includes consumption of energy sources such as electricity, gas, district heating and heating oil that we need for our manufacturing processes and for our administration buildings.

The main type of energy Brose uses is electricity (58 percent), followed by gas. The majority of gas consumed goes toward electricity production and paint finishing systems. The share of renewable energy in power consumption is 29 percent; the share of renewable energy in total energy consumption is 17 percent.

The energy intensity of the Brose Group during the reporting year is 64.5 kWh/thousand euros. We believe this ratio of energy consumption to plant costs excluding material and tool costs is relatively low. We were able to achieve remarkable savings overall in 2021 thanks to efficiency measures (see table below).

### Energy savings thanks to efficiency measures

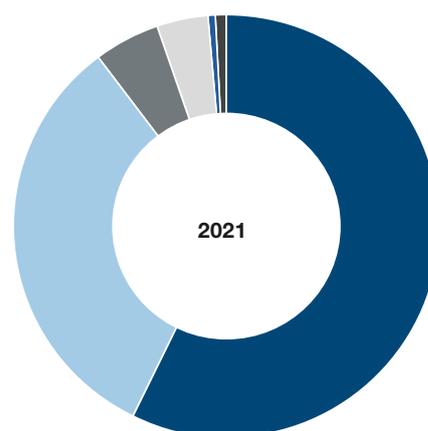
in megawatt hours and tons of CO<sub>2</sub> by energy type

	2019	2020	2021
MWh	5,494	1,629	1,795
t CO <sub>2</sub>	4,615	2,117	1,117

### Energy consumption

by energy type

	2019	2020	2021
	MWh	MWh	MWh
■ Power	235,119	216,298	242,787
■ Natural gas	138,055	127,239	137,059
■ Fuels	33,077	21,234	20,651
■ District heating	15,799	14,766	16,918
■ Heating oil	810	932	499
■ Liquid gas	673	689	559
<b>Total</b>	<b>423,535</b>	<b>381,159</b>	<b>418,473</b>



## Measures for reducing greenhouse gases

As part of a three-year plan through 2021, we set targets to reduce our annual energy consumption by 3 percent, thereby simultaneously cutting greenhouse gas (GHG) emissions. We defined absolute values based on emissions in 2017 as target figures. We also aimed to reduce product-related CO<sub>2</sub> emissions in the three business divisions by 200,000 t during this period. We also achieved the 3 percent reduction during the three-year period and the reporting year through a range of measures, such as heating system conversions. Total emissions may rise temporarily before these measures begin to take effect as planned. Normal fluctuations in production or weather influences can also impact these calculations.

In the fall of 2019 we placed an order for two drive-in climatic chambers with CO<sub>2</sub> as a refrigerant instead of R23 (fluoroform) in the freezing stage. The climatic chambers will be used in the testing area for access and closure systems. We worked with our system manufacturer to implement the first project of this size using CO<sub>2</sub>. This measure enables us to mitigate the risk of serious environmental damage due to refrigerants in the event of an incident. Each system reduces global warming potential by 114 t CO<sub>2</sub> equivalents. Replacing the system allowed us to raise the overall efficiency of our Exterior testing area by 2 percent. In 2020 and 2021 we implemented another climatic chamber with CO<sub>2</sub> as a refrigerant and were thus able to improve the efficiency of the testing area by an additional 5.7 percent.

We also installed yet another energy efficient servo press at the Coburg location during the reporting year. Based on manufacturer specifications, the unit uses about 40 percent less energy than conventional presses thanks to the servo-mechanical drive and the installed energy recovery system. We confirmed this technical data with internal measurements. Indeed, with a reduction of 77 percent, we significantly exceeded expectations in terms of savings potential.

The Brose CO<sub>2</sub> balance is based on the international Greenhouse Gas Protocol standard. Emissions comprise:

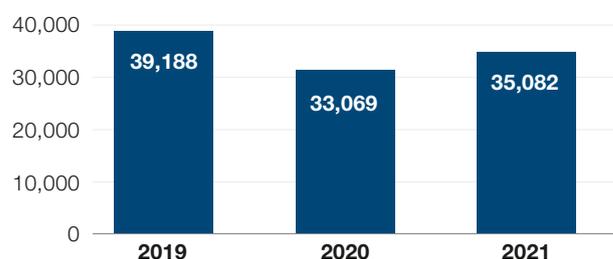
- Direct emissions from oil and gas consumption along with the Brose fleet and Brose Flugservice GmbH (Scope 1)
- Indirect emissions from generated power and district heating (Scope 2)
- All additional, indirect emissions from manufacturing and transport processes in the supply chain and other indirect emissions arising through the use of our products or waste disposal. This also includes emissions generated by business travel (Scope 3).

The CO<sub>2</sub> equivalent for Scope 1 and Scope 2 reporting is calculated by multiplying primarily local emissions factors with the computed fuel consumption. In certain locations we also use factors from the Intergovernmental Panel on Climate Change (IPCC) database.

The CO<sub>2</sub> equivalent for Scope 1 emissions from all of the Brose Group locations in the 2021 fiscal year is 35,082 t. Scope 1 emissions rose slightly compared to the previous year due to a renewed increase in production and the commissioning of new production facilities. This area includes newly installed paint shops and a resulting uptick in gas consumption, for instance. With increased production, Scope 2 emissions rose to 110,656 in tons of CO<sub>2</sub> equivalent.

### Scope 1 emissions

in tons of CO<sub>2</sub> equivalent

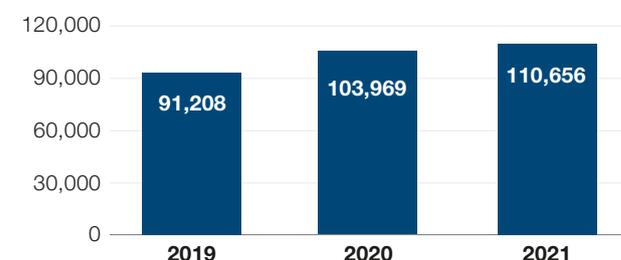


## Emissions from generating purchased energy

We include local emissions factors in our calculations of emissions from purchased energy. Total Scope 2 emissions in the Brose Group broken down by percentage is 27 percent in our locations in North and Central America, 31 percent in our Asian locations and 42 percent in Europe – which also includes Brazil and South Africa for organizational reasons.

Scope 2 emissions

in tons of CO<sub>2</sub> equivalent

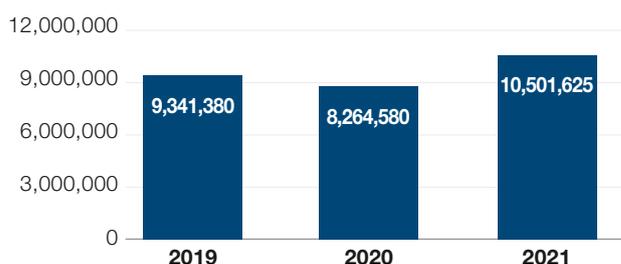


## Emissions from the downstream value chain

The CO<sub>2</sub> equivalent for all Scope 3 emissions from the Brose Group locations in the 2021 fiscal year is 10,501,625 t. Most of our Scope 3 emissions are associated with the use of our products in our customers' finished products. We consider the following factors when determining these Scope 3 emissions: useful life, drive type and part weight.

Scope 3 emissions

in tons of CO<sub>2</sub> equivalent



## Determining the intensity of GHG emissions

The intensity of greenhouse gas emissions (GHG) in the Brose Group is reported annually in the Carbon Disclosure Project. Three different quotients are provided. They refer to the ratio of Scope 1 and Scope 2 emissions to annual

sales, number of employees, and energy utilized. The purchase of electricity with a lower carbon footprint and the renewed increase in production output improve the key figures.

Intensity quotient of GHG emissions

in tons of CO<sub>2</sub> equivalent and percent by category

	2019	2020	2021	
	Value	Value	Value	Change vs. previous year
t CO <sub>2</sub> / million euros in sales	21.134	27.5545	27.0888	-1,69 %
t CO <sub>2</sub> / employee	4.934	5.417	5.6988	+5,20 %
t CO <sub>2</sub> / MWh	0.3079	0.3603	0.3465	-3,84 %

## Material and resource efficiency

The Brose Group is aware of its responsibility when it comes to conserving our earth's limited resources. We are working on this topic in many different areas of the business in order to identify and achieve potential related to more efficient use of resources. Our goal is to manufacture products that are free from hazardous substances to protect our consumers' health.

We installed an additive manufacturing system, e.g. for our electric air conditioning compressor housing, for the tool-free, material-efficient production of metal components. We produced the first components for initial equipment of production vehicles during the reporting year. Additive manufacturing processes augment conventional processes in meaningful niche applications and special variants. Compared to conventional manufacturing methods, material expenditure decreases of up to 90 percent can be achieved provided the product is designed with additive manufacturing guidelines in mind. The elimination of tools saves materials, money and time. This enables the

production of vehicle components that are more efficient both in terms of materials and costs than their traditional counterparts. In the scenario implemented for two customers with a volume of 1,500 units, additive manufacturing enabled wall thicknesses to be significantly reduced, in some cases even halved. The production-optimized design made it possible to achieve emissions savings of 10 to 20 percent compared to conventional production. These calculations use the cradle-to-gate method as the basis for analysis, from resource extraction (cradle) to the factory gate.

Moreover, Brose managed to release resource-conserving polymer materials and lightweight materials that we assessed using testing in our own Technical Center in Coburg for production during the year under review. During testing we collected data on mechanical performance, processing properties, odors and emissions values in production, among other parameters.

### Use of materials for products

in tons by material

Material	2019		2020		2021	
	Use of materials	vs. previous year	Use of materials	vs. previous year	Use of materials	vs. previous year
Steel	380,742	-4.59%	324,617	-14.75%	420,445	+29.52%
Filled/reinforced plastics	67,942	-21.16%	63,746	-6.18%	68,095	+6.82%
Copper/copper alloys	14,492	+3.98%	9,017	-37.78%	15,540	+72.34%
Plastic	14,688	-31.37%	14,704	+0.1%	13,685	-6.93%
Aluminum/aluminum alloys	15,648	+13.28%	14,744	-5.78%	10,388	-29.54%
Other metals	9,853	-7.45%	6,796	-31.03%	7,382	+8.62%
Elastomers	766	-77.15%	1,177	+53.66%	1,398	+18.78%
Magnesium/magnesium alloys	360	-36.74%	727	+101.94%	887	+22.01%
Zinc/zinc alloys	698	+29.25%	691	-0.1%	620	-10.27%
Other	81.4	-81.63%	0	-100*	0	0%
<b>Total</b>	<b>505,271</b>	<b>-8.13%</b>	<b>436,220</b>	<b>-13.67%</b>	<b>538,440</b>	<b>23.50%</b>

\*Other absorbed in listed materials

Use of secondary raw materials

in tons by material

	2019		2020		2021	
	Use of materials	Share of secondary raw materials	Use of materials	Share of secondary raw materials	Use of materials	Share of secondary raw materials*
Steel	380,742	188,030	324,617	142,832	420,445	105,111.25
Plastic	83,396	2,919	78,450	23,535	81,780	3,271.2
Aluminum	15,648	9,389	14,744	8,846	15,540	6,216
Copper	14,492	6,231	9,017	3,877	10,388	0
<b>Total</b>	<b>494,278</b>	<b>136,569</b>	<b>426,828</b>	<b>179,090</b>	<b>537,048</b>	<b>114,598.45</b>

\*Differences vs. previous years result from a change in the data basis

### Waste treatment and prevention

In general, we try to avoid generating waste whenever possible, which is why we use returnable packaging for shipments. However, since it is not possible to stop waste from being generated entirely, we separate it by type in our locations to ensure effective disposal and recycling. The waste generated in our locations comprises: scrap for recycling, household or commercial refuse, metal waste and special waste.

Documenting waste paths helps ensure that waste is transported away and recycled or disposed of in accordance with legal requirements. When selecting disposal companies we consider legal requirements, existing permits and completed service provider audits to ensure the

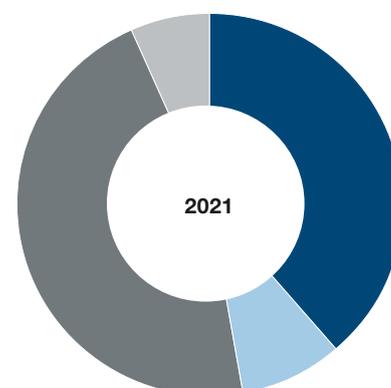
various types of waste are disposed of in a professional manner. Waste is almost exclusively sent to local disposal specialists. Waste is never transported across borders and residual materials are never exported.

We also assess the reliability of our disposal specialists each year. As in previous years, most (98.1 percent in 2021 compared to 94.2 percent in the previous year) of our disposal companies were rated as exemplary. We have not determined any violations against legal requirements among any of the disposal companies. We expect 1.9 percent (previous year: 5.8 percent) of the disposal companies to implement improvement measures, particularly with respect to documentation.

Amount of waste types

in tons

	2019	2020	2021
■ Scrap for recycling/energy recovery	16,408	13,599	13,571
■ Household/commercial refuse	3,494	2,627	3,021
■ Metal waste (scrap)	17,205	13,594	16,087
■ Special waste	2,435	2,130	2,308
<b>Total</b>	<b>39,542</b>	<b>31,950</b>	<b>34,987</b>



## Water and effluents

Total water consumption during the 2021 fiscal year fell from 745,357 m<sup>3</sup> in 2020 to 726,919 m<sup>3</sup>. Water consumption per employee and workday is approximately 121 liters. Water is obtained as well water (31.2 percent) and municipal water in potable quality (68.8 percent). We use fresh water to cool production processes, as process water in surface technology, to apply cooling lubricants, in washing systems, to water green spaces, in the canteen and in break rooms and for cleaning buildings.

We want to continue to reduce our demand for water with a consistent water management system. Our focus lies on water with high purity levels and processes that result in effluents with high levels of pollution. This is why we introduced a system in 2016 that enables us to measure and evaluate our water consumption along with steps for reducing it. This system is designed to uncover the reduction potential of our “water footprint” and visualize this information in the “Water Saving Actions” report.

An important result of the analysis is the savings potential in surface technology, because this is where most of the water is used. It has a 98 percent share of our process water requirement, which corresponds to 12 percent of all fresh water needed. This is why we are developing a new waste water concept for the surface coating system: evaporators keep water circulating inside the system. This more energy-intensive process has ecological advantages in regions with less water and in areas with unsuitable public drainage systems.

The WWF “Water Risk Filter” was used to determine the locations in areas with “Water Stress”. We introduced an in-house weighting system for reducing fresh water and effluents. It considers the availability of fresh water in the region, the effluent contaminant load and the infrastructure required for wastewater treatment.

### Resource-conserving systems at our locations

In general, when procuring new systems we focus on decreasing water demand and contaminant load in wastewater while ensuring ground water and soil remain protected. This is accomplished by identifying systems that play a key role in water conservation early on in the procurement phase. Specialists define all of the system relevant requirements for manufacturers to take into account. Regular inspection and maintenance work ensure safe operation of systems that process substances that could contaminate water.

One example of our efforts in this area is the dramatic reduction of the specific water consumption of our nine-zone system for cathodic dip painting, specifically due to recirculation, cascades, bath maintenance measures and process control. The latest-generation systems consume 5.6 liters per square meter of painted surface. The effluents we treat in our own plants are emptied into the public sanitary sewers.

Paint finishing systems require sterile water with low conductivity, which is why we desalinate fresh water using reverse osmosis. The saliferous water is led in through the sewer. Since the Querétaro-Aeropuerto (Mexico) plant is located in an arid region, the saliferous concentrate from the reverse osmosis system is mixed together with rain water in a collecting tank and then used to water green spaces. This allows us to reduce the plant’s fresh water requirements by 40 m<sup>3</sup> daily.

### Specific water removal

Brose uses a variety of sources for its daily water needs. Sanitary and social services used over 71 percent of fresh water during the year under review; 19 percent was used as process water for surface technology. We used 9 percent of fresh water for irrigation and 1 percent for cleaning and washing processes. Well water is used almost exclusively for cooling purposes in our German locations; it is led back to the ground water via drainage shafts wherever possible.

### Treated and reused water

Brose has effluent treatment systems, but it does not have its own water treatment systems. The reason for this is the position of our locations where a well-developed municipal infrastructure ensures the corresponding water treatment, thereby enabling water to be returned to surface water. Our Querétaro Aeropuerto/Mexiko location is one exception. Here effluents are treated in the industrial park’s own effluent treatment system and provided to the businesses located there again for reuse. We are aware of our responsibility when it comes to a resource as valuable as water and we are working hard to conserve potable water as much as possible. At the same time, very few production processes require water.

### Effluent discharge systems and water quality

The Brose Group generated 663,156 m<sup>3</sup> of effluents in 2021. Due to the high water quality we can lead part of this back into the storm water sewer either directly or follow-

ing treatment. More than anywhere else, this is possible in our European locations. The ground water the Hallstadt location takes for cooling purposes is used in separate cycles and monitored systems and can be reintroduced via drainage shafts after use. Effluents from paint finishing systems are treated in a batch plant prior to being led into the sanitary sewer. A chemical process is used to remove heavy metals, oils and lubricants.

We are increasing our use of sand traps and gasoline traps to irrigate our parking areas. To ensure smooth operation of these systems, we inspect them according to the same criteria in all of our locations. The remaining water that is not led away via storm water sewers or ground water is disposed of via the public sanitary sewer system. These systems are subject to effluent regulations in the respective municipalities.

We strive to keep the level of effluents our locations produce to a minimum. Our objective was to either reduce the amount of water used by one of the main consumers by 20 percent or more in at least one location per region by the end of 2021, to replace fresh water with rain water and recycling water or to reuse wastewater that originally went into the sewage system in downstream processes or return it directly to surface water.

To achieve these goals efficiently, we have bundled regionally cooperating sites into environmental clusters. During the reporting period, four out of seven environmental clusters achieved the above target. In detail, Würzburg has achieved an increase in the efficiency of its osmosis plant from 1.8-fold to 4.5-fold. The plant is used for desalination of fresh water for extinguishing water and cooling water supply. The resulting annual water savings amount to approximately 4,600 m<sup>3</sup> during the reporting period. In Chongqing/China, savings of 36 percent or 3,800 m<sup>3</sup> per year were achieved; many smaller measures related to irrigating and supplying social areas helped achieve targets here. In Ghent/Belgium, similar measures to those in Chongqing achieved a savings of 63 percent or 380 m<sup>3</sup> per year. Tuscaloosa/USA has achieved more than 20 % savings in the process water requirement of its paint shop by improving the rinsing process.

Thanks to efficiently designed plants and optimized processes, water consumption for our technical processes at the locations has now been optimized to the greatest possible extent. Further considerations and tests with regard to meaningful economic potential indicate that we will have reached the maximum development level currently possible in 2021.

## Biodiversity

Biodiversity – the science of varied lifeforms – governs the protection of ecosystems on land and in the water. The progressive fragmentation and destruction of natural habitats is considered to be the greatest danger for the biological diversity of our planet. Biodiversity is also viewed as one of the most valuable foundations of human welfare.

Scientists see negative influencing variables on biodiversity among other things in soil sealing, climate change, in increased concentrations of CO<sub>2</sub> in the atmosphere and in high levels of nitrogen in our waters. The latter is not only caused by over-fertilization, but also by vehicle emissions.

As a globally operating company, it is important to us to have a positive impact on these influencing variables. For Brose the primary course of action is not only to achieve

lower CO<sub>2</sub> emissions in our locations, but also to reduce the weight of our products. After all, if vehicles weigh less, then CO<sub>2</sub> and other harmful emissions may also decline during the life cycle in which our products are integrated. Moreover, material-efficient components and processes reduce the consumption of natural resources and space.

In addition, our company has participated in a reforestation project in China for several years to combat desertification in Inner Mongolia. In 2021 we donated 5,000 shrubs to the “Million Tree Project” sponsored by the “Shanghai Roots & Shoots” foundation. We have also financed the planting of a total of 48,500 shrubs and 4,000 trees over the past six years. All of these efforts underscore Brose’s commitment to environmental protection in China.

# Employees and society

Qualification and development, working environment and social benefits paired with forward-thinking HR concepts help us deploy employees where they are needed while giving them what they need to grow, enhance their loyalty to the company and establish Brose as an attractive employer worldwide.

## Restructuring HR activities

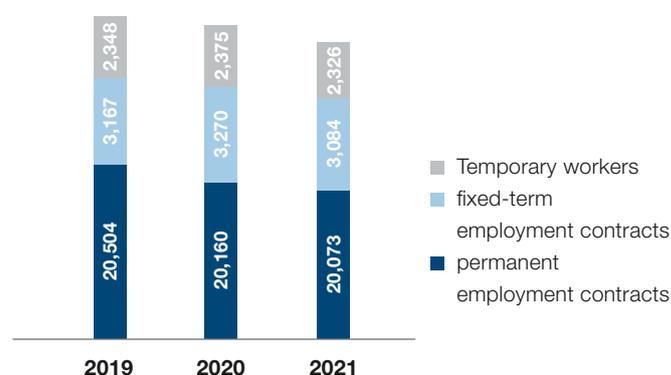
HR activities were realigned as part of the transformation. This includes both the global organizational structure and the type of services performed. Further adjustments to the global target organizational structure for HR and challenges in implementing new technical standards will be completed in 2023.

The new structure will significantly sharpen the roles of group functions, HR support officers and office staff. Employees in the group functions are concerned with the development of and compliance with global HR standards and guidelines. The HR support officers advise managers

on HR issues and in their role as supervisors. They push ahead by systematically developing new talent and implementing global HR standards. HR processes are also being streamlined and digitalized to simplify and reduce standardized administrative tasks.

## Employees

### By employment contract



## Performance, compensation and fair wages

All of the companies of the Brose Group offer our employees compensation and additional benefits regardless of employees' gender, religious denomination, heritage, age, disability, sexual orientation or country-specific characteristics. Brose respects the right to appropriate remuneration based on legally guaranteed minimum wages, employee performance and the respective labor market. All employees thus receive remuneration commensurate with their work. Any gender differences are attributable to individual lifestyles and personal development paths.

Each year comparison studies are conducted with the help of an independent, external service provider to define a country's market level and to determine appropriate and fair basic wages and overall compensation packages. All employees receive compensation packages that are competitive in the relevant markets in which they work.

The company's financial situation and the employee's individual performance are used for changes in wages. At Brose we use the annual objective agreement and ap-

praisal meetings for this purpose. Supervisors evaluate their employees based on their performance and share confidential feedback with them. Around 8,800 employees and managers primarily from development and commercial administration worldwide participate in the objective agreement and performance appraisal process. In 2021 about 74 percent of participants were male and 26 percent female. Supervisors arrange clear, unique, manageable and motivating assignments and achievable results with their employees.

As a family-owned company, we are keenly aware of our responsibility towards our employees. This is why we inform our employees of changes within the company as quickly as possible and proactively help them qualify for new assignments within the Brose Group or when changing jobs.

### Attractive benefits and rewards

Brose also relies on an comprehensive package of voluntary benefits tailored to the needs of its locations to

strengthen its appeal as an employer. This package is available to all of our employees. In addition to health management, employee consultations during difficult times in their careers or stressful situations in their personal lives and family-friendly amenities, it also encompasses services such as catering, company sports activities, a company-private pension plan and discounts on sports and leisure apparel in the Brose Shop.

Brose offers an e-bike leasing campaign for employees at its German locations featuring the slogan “Keep fit, protect the environment and save money”. We work with a leasing partner to provide the bikes to our employees free of VAT. They also save taxes because the lease payment is deducted from their gross pay. This also applies to car leasing options offered to employees by Brose.

Contractually agreed or voluntary profit-sharing bonuses paid out to our employees depend on the results of the corporate group and whether employees achieve their personal objectives.

### Equal pay for equal work

With respect to gross annual income, the income ratio of women to men across all employee groups is more than 90 percent. Differences can be found in personal paths through life and development, which all have an impact on wages earned. The three main locations in Coburg, Bamberg and Würzburg with a total of around 6,300 employees were used to calculate the income ratio. Only core staff members are counted here. At these locations, which account for around 28 percent of our employees, collective agreements are either directly applicable or continue to have an effect. [GRI 102-41]

Our corporate group previously had more than 10,000 different job descriptions that defined tasks, objectives and qualifications and were used for various HR processes. This inconsistency led to recurring, high expenses for decentralized creation, divergent content, and varying qualification requirements.

This is why the “Global Job Architecture” (GJA) project was further developed during the reporting year. It drafts uniform, transparent job descriptions worldwide. These job descriptions clearly define the requisite tasks, responsibilities and skills for each position. In addition, the GJA establishes uniform qualification requirements that employees and supervisors can use to determine, for example, what

gender-neutral development and income opportunities the current position opens up, what further training is needed, and what qualifications are required to pursue a particular career path. The goal is to assign a job profile to each employee and save it in the HR system in pilot areas by October 2022. The data obtained is also used for system-supported personnel costs, HR requirements and succession planning.

### Social benefits in focus

Brose is always reviewing its range of voluntary social benefits. We are committed to creating a family-friendly environment and a harmonious work-life balance. An audit performed by “berufundfamilie” provides valuable insight on how we can further develop the programs we offer in this area. We have performed regular recertifications with this partner since 2010 with binding objective agreements. Since the third successful certification, we have participated in what are known as dialog processes, in which the individual maturity level of our family and life phase-oriented HR policy is examined every three years for potential for improvement and corresponding recommendations for action are developed.

We encourage a healthy work-life balance. The Brose Kids Club, for example, is the centerpiece of our childcare program and is open to employees’ children between the ages of one and 14, depending on the location. The Kids Club as its own brand within the Brose Group comprises the following modules: crèche, kindergarten, nursery, youth academy and options for caring for children during school breaks. It is established at the headquarters in Coburg and in Ostrava/Czech Republic, the largest production facility in the Brose Group. Around 15 people are employed in the childcare facilities at these two locations alone. New openings at the Bamberg, Prievidza/Slovakia and Pančevo/Serbia sites are planned for the 2023 and 2024 fiscal years.

The “FamilyNet” project launched at the Franconian locations by social and health management has proven itself quite effective. In addition to targeted orientation for impats (foreign workers), people returning from locations abroad and new employees, FamilyNet also offers personal support for their family members to permanently strengthen social ties to the region outside the context of business.

Due to demographic developments in Germany, the range of family care services for employees at the Coburg and Bamberg sites has been expanded. Employees can

take advantage of short-term care options provided by a non-profit cooperation partner. Brose cooperates with a charitable organization focused on the city and district of Coburg, known as the Caritasverband für die Stadt und dem Landkreis Coburg e.V..

### **Pension plan**

Obligations arising from the pension plan for the Brose Group worldwide were 716 million euros (according to IFRS) as at 31 December 2021. Employer-financed pension

plans in Germany are carried out by means of direct commitments, the amount of which depends on the selected pension plan and employee group. Employee contributions to company pension plans are financed from wages depending on the maximum legally permissible conversion limits. The foreign pension plan model relies on a combination of employee and employer contributions as part of a deferred compensation plan featuring insurance-backed solutions.

## Systematic employee development

We value employees who are willing to learn. A comprehensive range of further education and training programs helps all of our employee groups develop and grow both personally and professionally. The range includes a variety of formats such as on-site training courses, virtual and online training courses for extending and building product, methodological, leadership and language skills and personal development. In addition, the global online learning platform “LinkedIn Learning” offers nearly 18,000 self-paced instructional videos in seven languages. In 2021 the average number of hours spent on further education and training was 9.0 (indirect/direct employees). Professional instruction in the workplace and participation in online training courses also help ensure professional qualification.

We focused the content of our range of paid classroom training courses with external trainers on the requirements associated with the company’s transformation and compliance with legal requirements and mission-critical demands. Brose simultaneously expanded its online training platform in light of the coronavirus pandemic and provided new virtual, instructional videos and online training modules. Employees watched approximately 300,000 videos and fully completed 9,000 courses via LinkedIn Learning in 2021. As part of our efforts to digitalize HR processes, we also introduced a new learning management system called myLearning (SAP SuccessFactors). It facilitates and promotes self-directed and goal-oriented learning in everyday work life. Since its launch around 11,000 employees have taken advantage of the offer and completed more than 47,000 training courses. We have also integrated the LinkedIn Learning platform into myLearning.

### **Varied career paths**

Systematic development of experience and expertise paired with uniformly high qualification standards in our corporate group: This is what CareerModules@BROSE stands for. The system was introduced in 2021 to foster personalized career planning. It helps prepare high-potential employees for responsible tasks in management, project or professional career paths.

Depending on the envisaged position and level, up to four career modules must be completed. The focus is on acquiring cross-divisional, interdisciplinary knowledge, international experience and intercultural skills as well as managing a global project. Requirements, development steps and career perspectives are defined for each module. The modules will also be stored in the new Performance and Talent Management system, which will be introduced at all sites worldwide in 2022. The system is intended to facilitate the systematic identification of potential carriers in the corporate group.

In addition to management, project or professional career paths – which are tailored to the professional development of the participants and which they can change at any time to focus on new professional goals – targeted development programs complete the career toolbox.

All employees receive regular feedback on their performance, which is reviewed at the end of the assessment period during a performance appraisal meeting. Feedback is provided to all salaried employees worldwide – who make up around 42 percent of the entire workforce – in the scope

of the annual Performance and Talent Management (PTM) process. There is a simplified process for skilled trades. The PTM process provides transparency on key players and high-potential employees in important positions in administration and production in the Brose Group, while also supplying all of the information required for personalized development meetings.

### **Apprenticeship training: The foundation for the future**

We believe that a solid career orientation is indispensable in helping high school students transition effectively into their new careers. This is why Brose targets young people early on: job shadowing, events like “Girls Day”, “Girls for Technology Camp”, information sessions at schools or career fairs – our instructors and apprentices are on hand with advice and practical assistance to help facilitate career orientation for all interested parties.

Brose has offered apprenticeships for over 90 years – during the reporting year more than 400 apprentices and dual-track students learned a vocation. Over 40 percent of these people work in our international locations in the US, Mexico, Brazil, Canada, France, Spain, the Czech Republic, Slovakia and Great Britain. The range of apprenticeship occupations encompasses eleven industrial/technical and commercial vocations and nine Cooperative State University dual-track studies programs.

We are continuously expanding the range of dual vocational training programs. After adding the new specialization “Data Science” to the Business Information Systems degree program and “Embedded Systems” to the

Electrical Engineering degree program in 2020, we will add the degree program “Computer Science – Intelligent Systems” in 2022. These qualifications will ensure our apprentices are well-equipped for the IT job market. We also reorganized the IT specialist training program in the year under review.

### **Building expertise in production**

We are using the “Factory 2025” project to expand the level of automation and digitalization in our plants in the medium to long term, strengthen their competitiveness and increase our appeal as an employer in production.

And we are implementing HR measures to support these efforts. The program focuses on leadership and employee qualification, working environment and demographic development. This is why we established the “PTM for Workers” qualification program. The Performance and Talent Management program makes it easier for supervisors at production facilities to discover and promote specialists and managers at every stage of career development. At the same time, we are also working on measures to create an attractive and healthy working environment. The aim is to retain production employees and sustainably reduce absenteeism and employee turnover at the locations and in the regions to levels below the market average.

In 2021, the focus was on employee qualification in production. The program helps us ensure that all employees are prepared to meet the challenges of growing technical complexity in production. The locations tailor the training solutions to individual cultural backgrounds and existing employee education levels.

## Corporate diversity

Our corporate group is present on virtually every continent. Around 68 percent of our employees work in foreign locations. Together we represent over 91 countries with all of their diverse cultures and value systems. We view this diversity as an opportunity to learn something new every day. It is accompanied by globally organized collaboration that also involves our international customers and business partners. This requires openness, connected thinking and action from everyone involved. Diversity is also reflected in how we promote and develop all of our employees – regardless of their age or gender.

To increase the percentage of women in technical areas in particular, Brose has spent years supporting measures to interest women in technical career profiles early on in life. These efforts range from career orientation initiatives for girls to internships or college or degree theses for aspiring female engineers all the way to mentoring programs that pair experienced women in management positions with young female engineers. Completing career modules to systematically expand experience and skill sets or participating in our three-step career path concept can help women and men develop and grow into responsible technical and management positions.

### **Collaboration in a global team**

Every workday at Brose is international when you are communicating with so many project teams in so many different languages in our locations around the world. Many employees in development, production and administration already work in a global network on a daily basis – within our company and with customers, partners and suppliers. And more and more employees go to foreign locations to work on temporary assignments.

Every Brose employee must face these challenges of internationality to ensure effective, successful collaboration. And our collaboration is successful, thanks in large part to intercultural training courses. Nevertheless, if our employees become aware of incidents of discrimination, they are required to inform their supervisor and the responsible HR manager immediately. They can also contact the Brose Group's Legal & Compliance department. Irrespective of this, every employee has the option of contacting the head of HR or the relevant employee representative in confidence.

We are unaware of any cases of discrimination in Germany. We also have no information or knowledge of such incidents at our foreign locations. The latest planned edition of the Brose Code of Conduct, which is binding for all employees of the Brose Group, will also include the topic of "fairness and diversity". It expressly prohibits discrimination and harassment of any kind, as these behaviors contradict our basic collaboration principles.

More to the point, we believe an appreciation of "otherness" is one of the keys to global business success. We explicitly document this in our company principles, in particular under the principle "Respect". We value employees with a strong global orientation – an asset that enables them to collaborate well, understand their environment and act effectively. This includes an understanding of other cultures and the ability to handle ambiguity and diversity. We offer tailored intercultural training courses specifically for this purpose.

# Occupational health and safety

Corporate health management at Brose and our workplace health promotion are aimed at building and expanding employee resources and resilience. Corporate health management focuses on evaluated processes (steering committees and working groups), a guiding culture (health mission) and responsible leadership (FIRST principles). Our certified social and health management combines socially integrative employee and family programs with preventative and acute health management offers. Moreover, we are a member of the Demographic Network ddn and the Corporate Health Alliance. Our objective is to minimize the physical and mental stress our employees face and make them more aware of their own health with preventative and reactive health promoting activities. Workplace health promotion is centered on employee behavior (lifestyle enhancement) as well as on a positive working environment (workplace enhancement). This takes place, for example, with

- Concerted individual actions such as training courses, presentations, workshops, event days as lifestyle enhancement offers on topic such as nutrition, exercise, relaxation and stress management
- Sustainable health programs such as Brose Check-Up, MobilCheck, hazard assessments for psychological stressors in the workplace, company integration management
- Digital offers such as online courses on nutrition, exercise, quitting smoking and an app dedicated to balancing a career with caring for a family member, particularly during the reporting year
- The use of health promoters or social measures such as systemically oriented employee consultations and other offers to help resolve conflicts like mediation.

Corporate health management considers all legal requirements, is based on applicable standards and guidelines and is constantly updated as part of a control loop (PDCA cycle). Each year, Brose focuses on a different area of workplace health promotion with extensive communication and topic-specific gifts such as fascia balls or special promotions, such as the “10,000 steps a day” challenge.

These offers are accessible to all employees via several channels, for example via the myBrose app, the intranet, notices and health promoters. The latter are involved as

representatives of the workforce in the Health working group. Information on current workforce needs is gathered in specific employee surveys, like the one conducted at the Coburg site in 2021. We also perform feedback surveys on workplace health promotion offers. Employees can reach the corporate health management contacts named on the intranet or in the app directly at any time.

## **Industrial medicine, physical therapy and company sports**

The legal requirements governing industrial medical support for all employee groups and types of contracts focus primarily on preventative health offers that meet employee needs. For example, our Closed-Loop Activity Program offers employees a cyclical program featuring prevention, acute care and rehabilitation services. All offers are clearly available on the Brose intranet. Promotions are also announced via the myBrose app and by email. Industrial employees also regularly learn about the offers via the health promoters and can obtain information on monitors in the production area. From the initial diagnosis to treatment, we improve regeneration in a network comprising industrial medical care, post-care physical therapy treatment and psycho-social support, while shortening paths and preserving the work capacity of all of our employees.

## **Preventing work-related accidents**

Our goal is to prevent work-related accidents in all areas of our company. Group-wide accident statistics consider accidents involving all Brose employees as well as agency workers and temporary employees. The figures do not include accidents involving employees from external companies. Hazard assessments are performed for all workplaces and activities to prevent accidents. The hazards that are identified are assessed using a risk matrix based on the probability of occurrence and the extent of damages. Intolerable risks are mitigated using the appropriate protective measures. Technical precautions take precedence over organizational and personal protective measures.

The efficacy of the protective measures is reviewed and ensured through regular technical tests or safety inspections. Supervisors document work-related accidents that occur despite preventative measures and analyze them with occupational safety specialists and additional experts like the company doctors if necessary. Employees at certain locations can even report near-misses and unsafe situations themselves via the myBrose app.

There are also many opportunities for employees to actively participate in preventive measures relating to occupational health and safety: the company suggestion system, submission of proposals via the works council to the occupational health and safety committee or participation in the incident analysis carried out by the supervisor (near-miss, accident, unsafe situations).

Accidents resulting in more than three days of lost time must be reported. All locations comply with applicable laws. Wherever it seems reasonable and possible, German requirements – including those of the trade association – are applied worldwide. 153 such accidents were reported groupwide during the year under review. There

were 143 accidents in plant functions, eight in the business divisions and two in the group functions. There were no fatal accidents in the Brose Group in 2021.

The number of incidents per thousand employees (TMQ) is a yardstick for measuring the frequency with which accidents occur while the accident severity is used to determine the average number of days lost due to incidents. The number of incidents per thousand employees is determined for a rolling 12-month period. Part-time and full-time workers are evaluated. Figures are not presented by gender, religion or ethnic group. The number of incidents per thousand employees was 5.99 for the group as a whole during the year under review.

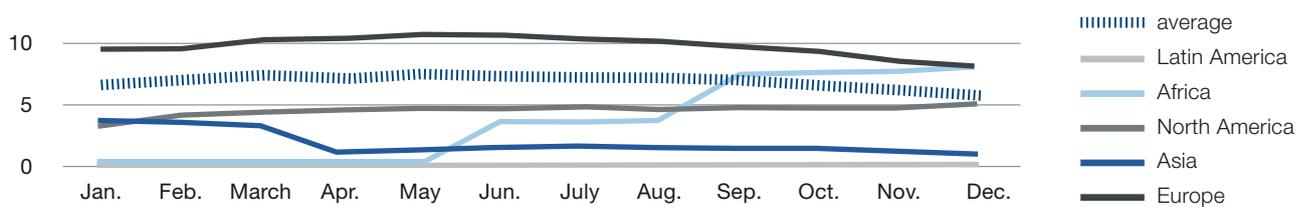
Number of work-related accidents >3 days and severity level

Number of days lost per number of accidents by region

	2019		2020		2021	
	Number of work-related accidents	Number of days lost per number of accidents	Number of work-related accidents	Number of days lost per number of accidents	Number of work-related accidents	Number of days lost per number of accidents
Europe	140	25	137	21	115	31
North America	20	24	19	42	31	34
Latin America	0	0	0	0	0	0
Asia	9	28	17	9	5	10
Africa	0	0	0	0	2	15
<b>Total</b>	<b>169</b>	<b>25</b>	<b>173</b>	<b>25</b>	<b>153</b>	<b>31</b>

Incidents per thousand employees >3 days in 2021

by region



## Ergonomics in the workplace

Brose takes safeguarding the health of its employees very seriously. This is why we further improved ergonomics in our production workplaces around the world during the reporting year.

We established the “ergonomic check-up” to clearly assess our global locations and the work systems in place there. We evaluate existing and planned work systems using the traffic light method. Now only older systems have “red” workplaces with very strenuous tasks. Targeted selection of employees and job rotation help us alleviate possible negative impacts of these workplaces. The objective is to eliminate the “red” workplaces. No red ergonomic check-ups were reported in 2021. In addition, no new production systems with high ergonomic stressors for employees were commissioned during the year under review.

Specifically, we are relieving the burden on our employees by increasing the use of robots and automation for strenuous work. Ideally, these measures will also shorten assembly times and increase efficiency. This was the first time ergonomic improvement projects were realized in Logis-

tics. The use of a robot has reduced the burden on employees when setting up empty containers.

To reduce the physical forces impacting our employees right from the start, the Interior and Exterior business divisions performed measurements using a force measuring glove. This made it possible to define a working method that enables trained employees to perform assembly tasks with lighter loads and less stress. 3D-printed tool holders for handheld screwdrivers and significant associated weight reductions also enabled us to realize lower handling forces for employees.

In the year under review, Brose won 1st place in the “German Ideas Management Award” for the “Best Idea in Occupational Safety and Health 2021”. The UVC lamp designed by two employees from occupational safety, environment and energy and the Manufacturing Equipment Center in Coburg is used for reliable, contactless surface and room disinfection. The first UVC lamp has been in operation at Brose since June 2020; ten such lamps are now in use at six European locations.

## Social Commitment

Our family-owned company embraces its responsibilities towards society and sponsors projects in the areas of sports, education, culture and society. We cooperated with partners, initiatives and institutions in 20 countries for this purpose in 2021. Our public and social commitment play a crucial role in securing Brose's long-term competitiveness. Our shareholders believe it is important to position Brose as a promoter of social, educational and cultural projects. In view of the difficult economic situation and the negative effects of the coronavirus pandemic on our business, we have adjusted the financial scope of our involvement during the reporting year. In total, we reduced our expenses by 20 percent compared to the previous year.

### Sports

Our involvement in sports, primarily basketball, slowed significantly. After ten years, we ended our partnership with the s.Oliver Baskets in Würzburg by mutual agreement with the 2020/2021 season. We also reduced our support for the Bamberger Basketball Club. Compared to the previous season, we cut our support in half during the 2020/2021 season. Moreover, a decision was made for Brose to transfer at least a majority of its shares in Bamberger Basketball GmbH to new shareholders by the end of the 2022/2023 season.

### Education

Education is an important prerequisite on the path to personal success, whether at work or in one's personal life. It drives all forms of societal and technological progress. As a globally operating, family-owned company, systematically fostering young peoples' careers is an integral part of the Brose identity.

For example, Brose Detroit/USA has supported the Rhonda Walker Foundation's "Girls into Women" project since 2021. The program offers individual tutoring, college preparation and career development seminars to empower socially disadvantaged young women to become confident and successful future leaders. In addition to financial support, our employees help Detroit's youth through a volunteer mentoring program.

Even before the start of production at our new site in Pančevo, Serbia, near Belgrade, we were able to establish good relations with local universities. We present ourselves as an innovative employer and maintain positive contacts with the electrical and mechanical engineering faculties there.

We have direct access to talented young professionals at the University of Belgrade by supporting the local Formula Student Team.

This type of university funding has already proven successful in the regions surrounding other locations. For example, in Coburg, Shanghai/China and Ostrava/Czech Republic, we support teams that participate in the international design competition for students. Thanks to our support, the Serbian team was also able to build an all-electric race car for the first time in the 2021/2022 season.

We have also expanded our involvement with universities in Shanghai. We started an extensive research partnership with Tongji University. The partnership not only helps us find qualified specialists, it also strengthens Brose's local development expertise in China.

### Social responsibility

As a family-owned company, it is important to Brose to help people who face difficult situations. We make a conscious effort to concentrate our social commitment on the regions surrounding our locations, where our proximity gives us keen insight into the unique local needs and challenges.

As a reliable partner to the regions where our sites are located, we also provide quick, unbureaucratic assistance in emergency situations. For example, in June 2021, when a tornado devastated the Czech region of South Moravia about two hours' drive southwest of Ostrava. The storm killed six people, injured hundreds and damaged more than 1,200 buildings. Our location in Ostrava supported the humanitarian organization ADRA and provided funds for emergency aid and reconstruction of the villages affected by the disaster.

### Culture

Whether music, painting, literature, architecture or other forms of creative expression: culture moves and connects people across all borders. It creates and strengthens core values such as tolerance and humanity. Alongside talent and skill, it demands from artists extraordinary passion, ambition and dedication. All of these traits and motivating factors can also be found in the Brose canon of values. This is why we have been involved in international cultural sponsoring for many years. At the same time, supporting local projects helps increase the appeal of the regions surrounding our locations.

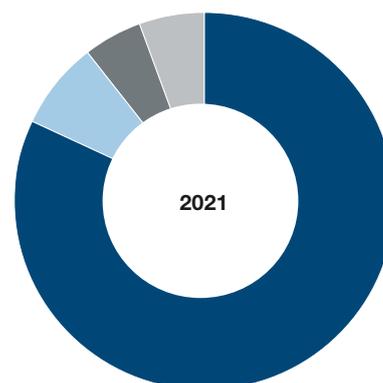
The 2021 partnership with the Cultural Center of Pančevo raises our profile as a patron of the arts and culture in the Belgrade region. Around 80,000 guests attend the facility's events each year. With a program that features theater, music, film and visual arts, it appeals to a wide audience. Highlights change every year and include the Pančevo

Jazz Festival and the "BUDI – Biennial of Children's Artistic Expression" – a multi-week program to promote children's creativity. We are using the network for the Kids Club we are planning in Pančevo – yet another aspect of working at Brose that sets us apart from the competition.

Investments in the community

in thousands of euros by area

	2019	2020	2021
■ Sports	7,672	5,859	4,327
■ Education	652	275	390
■ Culture	354	207	255
■ Social projects	218	245	292
<b>Total</b>	<b>8,896</b>	<b>6,586</b>	<b>5,264</b>



### Max Brose Hilfe

Even our company founder was committed to helping those in need. In his name, the non-profit organization Max Brose Hilfe e. V. supports social projects and humanitarian aid measures worldwide. Every Brose Group employee can apply for support for his or her personal commitment. It makes no difference whether the applicant supports an aid organization far away from home or is involved in associations or other institutions in his or her immediate environment. The prerequisite for support is that the employee is already involved there – either through

voluntary work or financial contributions – and that the recipient is an eligible charitable institution or organization.

Michael Stoschek, grandson of Max Brose and Chairman of the Brose Board of Directors, endowed Max Brose Hilfe with one million euros when it was founded in 2017. The association also receives donations from employees and other sponsors. 100 percent of these flow into projects and aid measures. The Brose Group supports the work of the association by covering the administrative costs.

## Key Performance Indicators

### Environment

#### Scope 1 emissions

in tons of CO<sub>2</sub> equivalent by country

	2019		2020		2021	
	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year
Germany	19,990	+21.49%	17,072	-14.60%	16,492	-3.40%
USA	5,041	+45.23%	4,535	-10.04%	6,055	+33.5%
Czech Republic	4,189	-0.83%	3,588	-14.35%	3,595	+0.20%
Canada	2,495	+67.23%	2,046	-18.00%	1,704	-16.72%
Mexico	2,417	+67.61%	1,844	-23.71%	1,975	+7.10%
Great Britain	2,411	+12.77%	1,847	-23.39%	1,986	+7.53%
Rest	2,645	-15.58%	2,137	-19.21%	3,275	+59.44%
<b>Total</b>	<b>39,188</b>	<b>+21.13 %</b>	<b>33,069</b>	<b>-15.61 %</b>	<b>35,082</b>	<b>+6.36 %</b>

#### Scope 2 emissions

in tons of CO<sub>2</sub> equivalent by country

	2019		2020		2021	
	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year
China	37,772	-1.97%	30,561	-19.1%	33,921	+10.99%
USA	15,708	+26.62%	14,922	-5.0%	16,562	+10.99%
Mexico	14,972	+19.51%	10,474	-30.04%	11,638	+11.11%
Germany	12,263	-17.71%	8,602	-29.85%	8,640	+0.44%
Canada	2,664	+460.9%	357	-86.6%	285	-20.17%
Great Britain	2,521	-14.02%	1,763	-30.07%	1,544	-12.42%
Slovakia	1,216	+25.74%	1,558	+28.13%	814	-47.75%
India	1,002	+11.20%	1,232	+21.95%	267	-78.33%
Czech Republic	218	-	32,217	+14778%	34,368	+6.68%
Rest	2,872	-13.65%	2,283	-20.51%	2,617	+14.63%
<b>Total</b>	<b>91,208</b>	<b>+4.75 %</b>	<b>103,969</b>	<b>+13.99 %</b>	<b>110,656</b>	<b>+6.43 %</b>

## Scope 3 emissions

in tons of CO<sub>2</sub> equivalent by category

	2019		2020		2021	
	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year	Absolute	Difference vs. previous year
Use of sold products	7,386,672	-8.66%	6,541,994	-11.44%	8,323,234	+27.23%
Purchased goods and services (direct)	1,428,831	-13.56%	1,299,771	-9.03%	1,678,268	+29.12%
Processing of sold products	206,550	-2.01%	179,100	-13.29%	225,980	+26.18%
Capital goods	103,370	+0.07%	96,013	+7.12%	86,634	-9.77%
Upstream transport and distribution	66,168	-4.81%	58,659	+11.35%	76,515	+30.44%
Employee commuting	59,536	+4.25%	28,345	-52.4%	37,804	+33.37%
Purchased goods and services (indirect)	32,043	-15.94%	25,011	-21.95%	28,476	+13.85%
Business travel	28,183	-18.34%	11,402	-59.54%	12,861	+12.80%
Downstream transport and distribution	22,644	-0.55%	17,593	-22.31%	23,686	+34.63%
End-of-life treatment of sold products	6,119	-28.33%	5,671	-7.32%	7,022	+23.82%
Waste generated in operations	1,264	-8.34%	1,021	-19.23%	1,145	+12.14%
<b>Total</b>	<b>9,341,380</b>	<b>-9.18 %</b>	<b>8,264,580</b>	<b>-11.53 %</b>	<b>10,501,625</b>	<b>27.07 %</b>

## Amount of waste types

in tons by regions

2019	Scrap for recycling/ energy recovery	Household/ commercial refuse	Metal waste (scrap)	Special waste	Total
Asia	2,135	492	1,053	53	3,733
North America	6,524	1,420	4,009	463	12,416
Europe	6,649	1,537	12,017	1,889	22,092
Latin America	842	36	118	30	1,026
Africa	258	9	8	0	275
<b>Total</b>	<b>16,408</b>	<b>3,494</b>	<b>17,205</b>	<b>2,435</b>	<b>39,542</b>
Change vs. previous year	-15.0%	-2.8%	-6.2%	-4.0%	-9.6%
2020	Scrap for recycling/ energy recovery	Household/ commercial refuse	Metal waste (scrap)	Special waste	Total
Asia	1,491	440	593	164	2,688
North America	5,790	811	2,984	287	9,872
Europe	5,553	1,327	9,919	1,652	18,451
Latin America	558	31	49	27	665
Africa	207	18	49	0	274
<b>Total</b>	<b>13,599</b>	<b>2,627</b>	<b>13,594</b>	<b>2,130</b>	<b>31,950</b>
Change vs. previous year	-17.1%	-26.0%	-21.0%	-12.6%	-19.3%
2021	Scrap for recycling/ energy recovery	Household/ commercial refuse	Metal waste (scrap)	Special waste	Total
Asia	1,835	479	900	391	3,605
North America	5,372	1,026	3,833	100	10,331
Europe	5,482	1,471	11,220	1,742	19,915
Latin America	736	34	43	75	888
Africa	147	10	90	0	247
<b>Total</b>	<b>13,571</b>	<b>3,021</b>	<b>16,087</b>	<b>2,308</b>	<b>34,987</b>
Change vs. previous year	-0.2%	+15.0%	+18.3%	+8.3%	+9.5%

## Total water consumption

in cubic meters by source and region

	2019			2020			2021		
	Well water	Fresh water	Total	Well water	Fresh water	Total	Well water	Fresh water	Total
Asia	3,817	121,281	125,098	6,031	115,960	121,991	13,540	118,024	131,564
North America	4,139	149,275	153,414	4,203	176,214	180,417	5,135	157,192	162,327
Europe	198,760	254,066	452,826	225,993	204,047	430,040	207,938	211,609	419,547
Latin America	0	8,267	8,267	0	6,538	6,538	0	7,113	7,113
Africa	0	6,549	6,549	0	6,371	6,371	0	6,368	6,368
<b>Total</b>	<b>206,716</b>	<b>539,438</b>	<b>746,154</b>	<b>236,227</b>	<b>509,131</b>	<b>745,357</b>	<b>226,613</b>	<b>500,306</b>	<b>726,919</b>

## Effluent discharge rates

in cubic meters by disposal type and region

2019	Storm water sewer	Public sanitary sewer	Ground water	Total
Asia	1,373	75,069	0	76,442
North America	14,565	85,027	0	99,592
Europe	206,799	165,859	80,190	452,848
Latin America	0	8,944	0	8,944
Africa	0	2,124	0	2,124
<b>Total</b>	<b>222,737</b>	<b>337,023</b>	<b>80,190</b>	<b>639,950</b>

2020	Storm water sewer	Public sanitary sewer	Ground water	Total
Asia	0	61,308	0	61,308
North America	20,849	74,025	0	94,874
Europe	226,354	135,644	90,668	452,666
Latin America	0	6,432	0	6,432
Africa	0	2,124	0	2,124
<b>Total</b>	<b>247,203</b>	<b>279,533</b>	<b>90,668</b>	<b>617,404</b>

2021	Storm water sewer	Public sanitary sewer	Ground water	Total
Asia	2,914	75,070	0	77,984
North America	24,409	97,958	0	122,367
Europe	215,078	139,083	94,240	448,401
Latin America	0	7,107	0	7,107
Africa	0	7,296	0	7,296
<b>Total</b>	<b>242,401</b>	<b>326,515</b>	<b>94,240</b>	<b>663,156</b>

## Employees and society

### Employees

by group (excluding temporary workers)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Salaried employees	6,976	2,623	9,599	6,941	2,581	9,522	7,004	2,605	9,609
Indirect cost laborers	3,426	479	3,905	3,379	470	3,849	3,190	461	3,651
Direct labor	6,043	3,676	9,719	5,985	3,634	9,619	5,857	3,646	9,503
Apprentices	375	73	448	375	65	440	333	61	394
<b>Total</b>	<b>16,820</b>	<b>6,851</b>	<b>23,671</b>	<b>16,680</b>	<b>6,750</b>	<b>23,430</b>	<b>16,680</b>	<b>6,773</b>	<b>23,157</b>

### Employees

by region (excluding temporary workers)

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Germany	6,558	1,885	8,443	6,336	1,773	8,109	6,041	1,669	7,710
Europe (excluding Germany)	3,725	2,317	6,042	3,945	2,384	6,329	4,050	2,390	6,440
China	2,300	690	2,990	2,334	659	2,993	2,255	717	2,972
East Asia	150	66	216	156	67	223	162	65	227
North America	3,769	1,780	5,549	3,632	1,767	5,399	3,595	1,818	5,413
South America	318	113	431	277	100	377	281	114	395
<b>Total</b>	<b>16,820</b>	<b>6,851</b>	<b>23,671</b>	<b>16,680</b>	<b>6,750</b>	<b>23,430</b>	<b>16,384</b>	<b>6,773</b>	<b>23,157</b>

## New entries\*

by age group

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
under 20	250	59.4%	227	51.4%	179	50.6%
20-29	1,214	23.0%	922	19.2%	1,294	28.2%
30-39	769	9.6%	581	7.3%	917	11.4%
40-49	312	6.2%	335	6.5%	379	7.4%
50-59	118	3.1%	85	2.2%	147	3.9%
from 60	11	1.4%	9	1.0%	16	1.7%
<b>Total</b>	<b>2,674</b>	<b>11.5 %</b>	<b>2,159</b>	<b>9.4 %</b>	<b>2,932</b>	<b>12.9 %</b>

## New entries\*

by gender

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
Male	1,925	11.6%	1,476	9.0%	1,990	12.3%
Female	749	11.2%	683	10.3%	942	14.2%
<b>Total</b>	<b>2,674</b>	<b>11.5 %</b>	<b>2,159</b>	<b>9.4 %</b>	<b>2,932</b>	<b>12.9 %</b>

## New entries\*

by region

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
Germany	486	5.8%	205	2.5%	340	4.4%
Europe (excluding Germany)	742	12.9%	981	16.2%	1,070	17.3%
China	270	9.5%	231	8.19%	349	12.3%
East Asia	33	15.3%	22	9.9%	30	13.2%
North America	1,073	19.3%	686	12.7%	1,073	19.8%
South America	70	16.2%	34	9.0%	70	17.7%
<b>Total</b>	<b>2,674</b>	<b>11.5 %</b>	<b>2,159</b>	<b>9.4 %</b>	<b>2,932</b>	<b>12.9 %</b>

\*All of the figures on entries and exits are excluding temporary workers and joint ventures

## Exits\*

by age group

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
under 20	67	15.9%	64	14.5%	67	18.9%
20-29	1,069	20.3%	1,027	21.4%	1,230	26.8%
30-39	962	12.1%	935	11.7%	1,327	16.6%
40-49	480	9.5%	474	9.2%	640	12.4%
50-59	255	6.0%	231	6.1%	381	10.2%
from 60	200	25.5%	189	22.0%	249	27.1%
<b>Total</b>	<b>3,003</b>	<b>12.9 %</b>	<b>2,920</b>	<b>12.7 %</b>	<b>3,894</b>	<b>17.1 %</b>

## Exits\*

by gender

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
Male	2,046	12.4%	1,955	11.9%	2,715	16.8%
Female	957	14.3%	965	14.6%	1,179	17.7%
<b>Total</b>	<b>3,003</b>	<b>12.9 %</b>	<b>2,920</b>	<b>12.7 %</b>	<b>3,894</b>	<b>17.1 %</b>

## Exits\*

by region

	2019		2020		2021	
	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups	Absolute	Share of designated work-force groups
Germany	421	5.0%	395	4.9%	757	9.8%
Europe (excluding Germany)	899	15.6%	992	16.3%	1,068	17.2%
China	371	13.1%	292	10.3%	544	19.2%
East Asia	24	11.1%	13	5.8%	31	13.7%
North America	1,183	21.3%	1,137	21.1%	1,429	26.4%
South America	105	24.4%	91	24.1%	65	16.5%
<b>Total</b>	<b>3,003</b>	<b>12.9 %</b>	<b>2,920</b>	<b>12.7 %</b>	<b>3,894</b>	<b>17.1 %</b>

\*All of the figures on entries and exits are excluding temporary workers and joint ventures

This report was prepared in line with the GRI Standards: 'Core' option. It was presented for the performance of the GRI Materiality Disclosures Service. The GRI Services Team confirmed the correct positioning of the 'Materiality Disclosures' [GRI 102-40 bis GRI 102-49] in the report.



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