

Norm / Standard

Sustainability requirements for suppliers of non-production material

592188-100

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Cited standards and other documents

Number	Title
ISO 14001	Environmental Management Systems (EMS)
ISO 14040 ff	Environmental management – Life Cycle Assessment (LCA): Principles / Requirements
CoC	Code of Conduct for Suppliers (Code of Conduct) Link: https://www.brose.com/de-en/purchasing/handbooks-templates/

Scope

Brose worldwide - All business divisions

Material class

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1 Preface

In addition to economic criteria, Brose takes into account environmental protection and occupational safety aspects in its decisions in order to avoid and continuously reduce the negative effects of the company's activities.

One global challenge in climate protection is the reduction of greenhouse gas emissions. Brose has formulated the strategic goal of becoming a CO₂-neutral company by 2039. An important interim goal on this path is to operate all locations of the Brose Group in a CO₂-neutral manner by 2025.

A key lever in achieving this is the reduction of our own resource consumption as well as that of our suppliers and service providers. One particularly important starting point is the use of renewable energy.

Brose's sustainability goals can only be achieved with the support of our suppliers and service providers. We therefore expect our business partners to also pursue ambitious sustainability goals so that, together with Brose, they can shape the value chain in a people-friendly and environmentally compatible manner.

2 Scope

This standard addresses all suppliers* of the Brose Group who do not supply production material ("non-production material" or indirect material).

The recording of material and energy flows as well as the agreement of efficiency targets and emission targets is carried out with selected suppliers and service providers on request (on Brose's initiative).

Brose expects its suppliers to pass on the requirements of this standard to their suppliers.

*The phrase "suppliers" in the following includes the service providers of the Brose Group.

3 Definition

3.1 Definition Production Material

Goods that go into a product for a vehicle or other Brose product.

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3.2 Scope 1, 2 & 3 Emissions

Emission sources are divided into scopes, which are used globally:

- **Scope 1** (direct emissions):
All emissions generated by own production activities (primary energy consumption), vehicle fleet, etc.
- **Scope 2** (indirect emissions):
Purchased energy for own use (e.g., electricity, district heating), leased assets, etc.
- **Scope 3** (indirect emissions):
 - o Upstream activities such as business travel, commuting, purchasing goods & services.
 - o Downstream activities such as transportation, distribution, disposal.

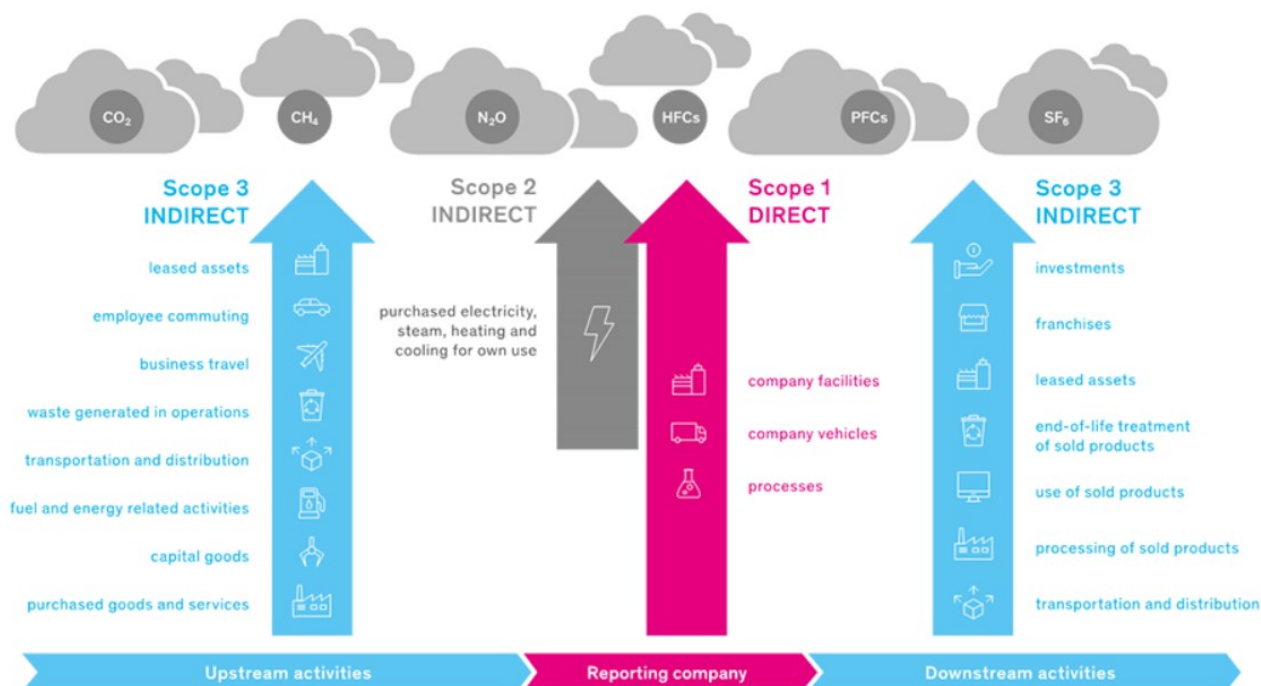


Figure 1: Scopes 1 - 3 according to the Greenhouse Gas Protocol

(Source: [Corporate Carbon Footprint - CO₂ balance sheet of your company \(myclimate.org\)](https://myclimate.org)).

Simplified representation. Classification in the scopes, as well as calculation methods can be found in the Greenhouse Gas Protocol: ghg-protocol-revised.pdf (ghgprotocol.org).

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3.3 CO₂-Reduction Plan for Scope 1 & 2

In a CO₂-footprint reduction plan, the supplier presents how it will reduce CO₂-reductions to a target level within certain period of time. It relates to all of supplier's business activities and excludes agreed areas.

The supplier decides on the selection of the necessary CO₂-reduction measures and technologies. If it is not possible for the supplier to avoid its emissions completely or to minimize them in line with the milestones defined in the reduction plan, emissions can be offset in line with the explanations in Chapter 4.4.

3.4 Life Cycle Inventories and Life Cycle Assessments for Supplier Specific Processes

Together with the supplier, Brose defines performance indicators, targets and interfaces for work processes with high environmental relevance.

The material and energy flows to be recorded and the required recording quality are also defined.

For the methodology, reference is made to ISO 14040 ff. If the supplier wishes to use a different method, this must be agreed with Brose.

3.5 Definition of "Renewable Energies" and "Non-renewable Energies"

Brose accepts as renewable energy the direct use of:

- Biomass (excluding energy crops that displace food production)
- geothermal energy
- hydropower
- ocean energy
- solar energy
- wind energy
- district heating
- digester gas
- landfill gas
- Wastewater methane

As well as the production of electricity and heat from these energy sources.

Nuclear energy resources are not defined as renewable and should not be used in offsetting CO₂-emissions.

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4 General Requirements

4.1 Reporting

Brose uses internal and external systems to collect data relevant to sustainability, whereby the collection is increasingly digitalized and automated. Upon Brose's request, the supplier shall make the data available in these systems free of charge. This may be an ad hoc request or a regular request covering a fiscal year.

4.1.1 CO₂-Footprint for Supplier Locations (Scope 1 & 2)

The supplier undertakes to report its CO₂-emissions (Scopes 1 & 2) at Brose's request. Scopes 1 & 2 emissions are recorded via the turnover of energy and materials and relate in each case to the entire business activity, whereby Brose-specific consumption does not have to be reported separately.

Table 1: Summary of data to be reported by the supplier upon request

	Medium	ISO-Unit	Regenerative Share (in %)	Comments
Energy source	Electricity	kWh		
	Natural gas	kWh		
	Liquid gas	kWh		
	District heating	kWh		
	Local heating	kWh		
	Cooling	kWh		
	Hydrogen	kWh		
	Heating oil	ltr.		
	Gas	ltr.		
	Diesel	ltr.		
Propan	Kg			
Operating materials with an impact on the climate	Solvent	Kg		Is only queried on an industry-specific basis
	Refrigerants	In kg CO ₂ -Equivalent		

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4.1.2 CO₂-Footprint for Goods and Services

In addition to the CO₂-footprint of its own business activities, Brose also requires its suppliers to provide corresponding information on the CO₂-footprint that arises from the provision of services and the procurement and production of goods for Brose.

In the event of an award, each supplier undertakes, upon request and after consultation with Brose, to determine and disclose its CO₂-emissions in accordance with an agreed standard.

Suppliers will only be asked to disclose their data if:

- this is in pursuit of objectives agreed with the supplier and/or
- it is necessary for the verification of a climate-neutral supply chain for Brose.

4.1.3 Reduction Plan Disclosure for CO₂-Neutrality (Scope 1, 2 & 3)

Brose sets emission targets in the supply chain for relevant product groups. Specific CO₂-reduction targets are set with the relevant suppliers, for which the supplier must draw up a reduction plan and agree it with Brose.

4.2 Sustainability Supplier Self-Assessment (SAQ)

The supplier undertakes to carry out a self-assessment of its own sustainability performance upon request by Brose and to make this available to Brose in text form.

In addition to its responses, the supplier shall provide other documents requested by Brose, such as DIN EN ISO 14001 certificates, etc.

Brose reserves the right to verify the information provided in the self-disclosure itself or have it verified by third parties.

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4.3 Sustainability Assessment

Brose reserves the right to demand a valid "RSCI** label" from its suppliers or to carry out or have carried out an RSCI audit at the supplier's premises.

**RSCI (Responsible Supply Chain Initiative)

4.4 Compensation of CO₂-Emissions

If a reduction plan has been agreed with the supplier, unavoidable CO₂-emissions may also be offset by high-quality or certified compensation projects.

The compensation quantities and the type of compensation must be agreed with Brose and shown in the reduction plan.