



Brother Industries (Slovakia) s.r.o. Qualifying Explanatory Statement (QES)



1st April 2024
To
31st March 2025
5th Achievement Period

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1. Statement of Carbon Neutrality

“Carbon neutrality of Scope 1 and Scope 2 of Brother manufacturing site at Krupina, achieved by Brother Industries Slovakia s.r.o. in accordance with PAS 2060 on 1st April 2025 for the Fifth neutrality period commencing on 1st April 2024 and ending on 31st March 2025 with commitment to maintain it until the 31st of March 2026, DNV Business Assurance Italy Srl certified”

Handwritten signature of Dave Lawrence in blue ink.

Dave Lawrence

BISK Site Director

09th September 2025

2. Introduction & General Information

This document forms the Qualifying Explanatory Statement to demonstrate that Brother Industries Slovakia s.r.o. (BISK) has achieved carbon neutrality for its single manufacturing site located at Krupina, Slovakia for the period commencing April 1st, 2024, to March 31st, 2025. (Achievement Period 5)

This has been achieved through:

- **CO2 Emission reduction** through action plans adapted at the operational site.
- **Offsetting of the remaining carbon emissions** for the period commencing April 1st, 2024, and ending March 31st, 2025.

This report sets out the information which substantiates the declaration of Brother Industries Slovakia achievement on carbon neutrality for the period FY2024 and commitment on carbon neutrality up to 2026 (6 Years from baseline year of 2020) in compliance with the PAS 2060: 2014 standard.

This report is publicly available on the Brother Industries (Slovakia) website. www.brother-slovakia.sk

Brother Industries Slovakia has set up a **Carbon Management Plan** to reduce GHG emissions to demonstrate commitment to being carbon neutral in accordance with PAS 2060:2014

2.1 Entity Making PAS2060 Declaration

BROTHER INDUSTRIES (SLOVAKIA) s.r.o. (BISK)

2.2 Subject of PAS2060 Declaration

Scope 1 and 2 emissions (expressed as t-CO₂e) attributed to Brother Industries (Slovakia) at its single manufacturing site, located at Oslobeditelov 929/15, Krupina 963 01, Slovak Republic.

2.3 Description of subject

Brother Industries (Slovakia) s.r.o. ("BISK") is a wholly owned subsidiary of Brother Industries Ltd Japan (BIL) based in Nagoya Japan, and is one of two manufacturing plants located in Europe, the other one being in the UK.

BISK commenced operations in Slovakia at its current location in 2007 and employs 250 staff engaged in the provision of environmentally focused manufacturing solutions to the Brother group. With our core business area being:

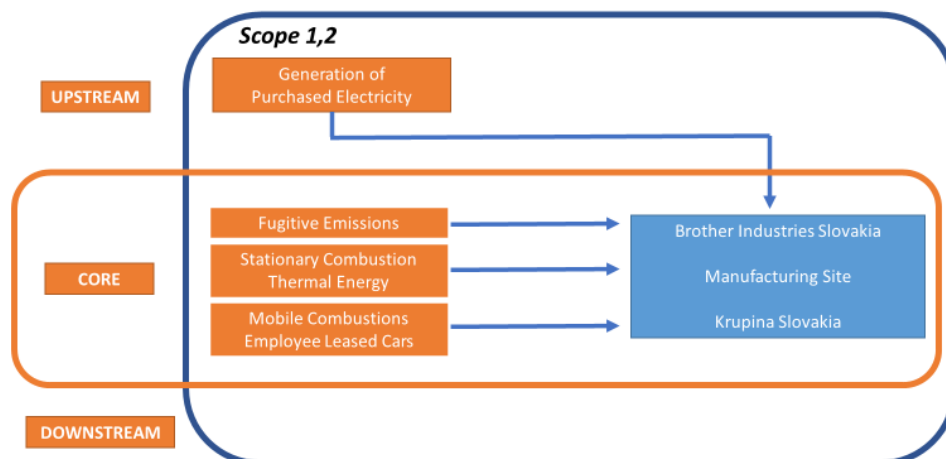
The remanufacturing and recycling of laser printer cartridges for the Brother group.

BISK is an WEEE (Waste Electronic and Electrical Equipment) facility, authorised by the Slovakian government to receive, process, and remanufacture waste electronic equipment specifically Laser Color and Mono Toner Cartridges. These new and remanufactured cartridges are manufactured exclusively for use within Brother branded Laser printers.

2.4 Boundaries of the subject

The system boundary considered for the Carbon Footprint quantification of Brother Industries Slovakia is described below.

Schematic representation of BISK operational boundaries



- The boundary is limited to Scope 1 and Scope 2 GHG emissions from this single operational site. (Gate To Gate approach)
- We will account for 100% of our Scope 1 and Scope 2 GHG emissions within our operational boundary (Operational Control).
- Both location and market-based emissions will be reported.
- Scope 3 emissions are not included, because they fall outside the direct operational influence of this organisation.
- The subject boundary includes all owned GHG emissions associated with the core operations and processes of this site. It is a true and fair representation of this organisations GHG emissions.

2.5 Rationale for selection of the subject

Brother Industries (Slovakia) s.r.o. mission is to achieve environmental excellence. In this context, we have embraced the PAS2060:2014 standard as an internationally recognized, standardized and transparent approach to quantify our own contribution to global warming.

Our rationale is:

- The scope is limited to a single site.
- The Greenhouse Gas (GHG) emissions associated with our business operations are metered, measured, and verified in accordance with the WBCSD / WRI Corporate Greenhouse Gas Protocol (The GHG Protocol).
- The Scope 1 and 2 emissions reflect 100% of our “owned” core operational emissions, that our business has direct control over. This enables our business to have direct operational influence over the reduction of the emissions.
- While we recognize the importance of reducing carbon emissions across our entire value chain, Scope 3 emissions are not included in this commitment to net zero carbon. Currently our scope 3 emission estimates are collated and reported within the group, but we are committed to including them from FY2025 onwards.
- Scope 3 emissions (indirect emissions due to business activities) are specifically not included, because:
 1. They fall outside the company’s direct control or ownership.

2. The lack of direct control means that high quality data is not available.
 - We use our own proprietary software to record and process utility bills and fleet data for our site.
 - To allow for comparison over time, and comparison with other facilities, we utilise the intensity ratio of **t-CO₂e per €1M sales**. This is in alignment with Brother Group common global reporting requirements.

2.6 Type of conformity assessment

Independent 3rd Party Certification in accordance with PAS2060:2014

Certified by DNV Business Assurance Italy Srl.

2.7 Baseline Date and Achievement periods for PAS2060 Program

- **The First baseline achievement is 1st April 2020 to 31st March 2021 (FY2020)**
- **The Second achievement period is 1st April 2021 to 31st March 2022 (FY2021)**
- **The Third achievement period is 1st April 2022 to 31st March 2023 (FY2022)**
- **The Fourth Achievement period is 1st April 2023 to 31st March 2024 (FY2023)**
- **The Fifth Achievement period is 1st April 2024 to 31st March 2025 (FY2024)**
- **The commitment period is 1st April 2024 to March 31st, 2026 (FY2024 and FY2025)**

As set out in S5 of the GHG protocol. The following cases shall trigger recalculation of base year emissions:

- Structural changes that have a significant impact on the company's base year emissions.
- Mergers, acquisitions, and divestments.
- Outsourcing and insourcing of emitting activities.
- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data
- Discovery of significant errors, or several cumulative errors, which are collectively significant.

In summary, base year emissions shall be retroactively recalculated to reflect changes in the company that would otherwise compromise the consistency and relevance of the reported GHG emissions information. This policy shall apply in a consistent manner. For example, we shall recalculate for both GHG emissions increases and decreases.

2.8 Individuals responsible for evaluation and provision of data necessary for declaration:

- **Carl Bruce, Business Excellence & Environment Manager.**
- **Eva Pucekova, Environmental Compliance Specialist.**

3. Quantification of Carbon Footprint

3.1 Emission Results Summary Verification Period 5

Site / Boundary	Brother Industries, Osloboditeľov 929/15, Krupina.
Scope	Scope 1,2 Emissions
Achievement Period	01/04/2024 to 31/03/2025

SUMMARY	tons CO ₂ e	tons CO ₂	tons CH ₄	tons N ₂ O	tons HFCs	tons PFCs
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Scope 1 (Mandatory)

Diesel - Company Owned Vehicles	7.012	6.920	0.001	0.091		
Petrol - Company Owned Vehicles	6.955	6.908	0.027	0.020		
Natural Gas	20.767	20.727	0.031	0.010		
Refrigerant Losses					11.278	
Solvents						
TOTAL SCOPE 1 (t-CO₂e)	46.012					

Scope 2 (Mandatory)

Electricity Market based	0.000
Electricity Location based	74.036
Electricity Location based Credit by purchasing 100% REGO Certified Renewable Energy	-74.036
TOTAL SCOPE 2 (t-CO₂e)	0.000

TOTAL SCOPE 1,2 (t-CO₂e)	46.012
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Note: Scope 2 Market Based Emissions – Electricity Quantification includes offset credits for purchasing 100% REGO certified Electricity for period 01/04/24 to 31/03/25

Total GHG emissions to be neutralized are all Scope1 plus market-based Scope 2 emissions = 46.012 t-CO₂e

3.2 Methodology

Greenhouse gas (GHG) emissions are calculated in accordance with the methodologies provided in the World Resources Institute's GHG Protocol Corporate Standard <https://ghgprotocol.org/corporate-standard> and Scope 2 Guidance (amendment to the GHG Protocol Corporate Standard, 2015). <https://ghgprotocol.org/scope> 2 guidance This is the most widely recognized and used accounting platform for corporate GHG reporting programs globally. It enables us to report and compare our performance with other sites in a standardized and transparent way.

Seven types of greenhouse gases (GHG) included in the Kyoto Protocol to the United Nations Framework Convention on Climate Change are required for reporting under the GHG Protocol Corporate Standard and were covered in the calculations:

- Carbon dioxide (CO₂),
- Methane (CH₄),
- Nitrous oxide (N₂O),
- Hydrofluorocarbons (HFCs),
- Perfluorocarbons (PFCs),
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃).

Each gas's corresponding global warming potential is obtained from the IPCC Assessment report 5 (2014). Total gross emissions are measured in metric tons of CO₂ equivalents (CO₂e)

The total gross emissions are measured in metric tons of carbon dioxide equivalent (ton CO₂equivalent), and they are in full compliance with the requirement of PAS 2060:2014. All scope 1 and 2 greenhouse gas emissions relevant to the system boundary are included and quantified.

3.3 Scope 1 and 2 emissions

GHG emissions related to scope 1 include direct emissions from stationary combustion, mobile combustion, and fugitive emissions. GHG emissions related to scope 2 include indirect emissions from the generation of purchased electricity consumed by BISK.

3.4 Data source's

Scope 1 and Scope 2 emissions have been calculated from primary data. collected directly within the subject boundary.

For the reporting period (01/04/2024 – 31/02/2025) we have used the appropriate available emission factors described below. Where the factors available are updated to reflect calendar year changes we have applied them to the relevant periods

- Scope 1 emission factors for fuels are typically the latest available (at the start of the reporting year) and are from the latest UK Government Conversion Factors issued by DEFRA (Calendar year 2024 (April – December) and Calendar 2025 (January – March).
- Carbon emissions from electricity (Scope 2) are reported as both market emissions and location (Total Supplier and Production Residual mixes) emissions in line with the GHG Protocol Scope 2 Guidance. The emission factors used are obtained from the AIB European Residual Mixes 2024 for Slovakia. The emission factors for calendar year 2025 are not yet published so we have applied the 2024 factors for the period 01/01/25 to 31/03/25.

- Emissions arising because of fugitive emissions from cooling systems are calculated from the Global Warming Potential (GWP) of the HFC gas set out in IPCC ARP6 Chapter 7.
- Within the reporting fugitive emissions arising from accidental escape of F Gases (Cooling System leakages was reported as detailed below:

Date of Report	31 st July 2024
Reported By	ETZ System s.r.o. Kosice – 3 rd Party Approved Maintenance Company
Equipment Description	Air Chiller Lennox EAR 1303 SM 4 HN S/No: 146260/1
Description (Type) of Fugitive Gas	R410A
Weight of Gas Escaped	5.0 Kg
Emissions Factors Used	Kyoto Protocol IPCC ARP6 - Chapter 7 R410A - 1Kg = 2255.5 t-CO ₂ e
Calculation of Total HFC Emissions	5.0 x 2255.5 = 11.278 t-CO ₂ e

- For the current verification period 5, FY 2024, where electricity is purchased and used at the site, verifiable evidence supporting the contractual instruments or energy attribute certificates are available for the reporting period 01/04/24 to 31/03/25.

3.5 Explanation on Data Sources Used

- Data from directly metered sources is used in the calculation of carbon emissions where available.
- For emissions from natural gas, we made a comparison of internally metered data collected for internal monthly reporting purposes with data derived from supplied annual utility bills and where a difference was seen this was mitigated by a consistently conservative approach in the calculations.
- For emissions from mobile combustion sources (Gasoline and Diesel Oil) we used data obtained from monthly fuel card usage reports supplied by the fuel company.

3.6 Inclusions and Exclusions

Within the subject boundary only Emissions from gas purchased to heat the onsite apartments are excluded.

Scope 1	Included • Direct emissions from the combustion of fuels. • Emissions from the combustion of fuels in vehicles owned. • Fugitive emissions from refrigeration, cooling, and air conditioning units. Excluded. • No intentional exclusions.
Scope 2	Included • Purchased electricity. Excluded • No intentional exclusion
Scope 3	Excluded Scope 3 emissions have not been included in this declaration of carbon neutrality because: 1. They fall outside the company's direct ownership and influence. 2. The lack of direct control means that high quality data is not available. 3. It is not cost effective to do. However, these will be the focus of future efforts for carbon reduction initiatives through stakeholder engagement as the organisation aims to achieve net zero carbon emissions by 2050.

ID	Scope 3 – Category Breakout	Reason for Exclusion
1	<i>Purchased Goods and Services.</i>	Limited data is currently available.
2	<i>Capital Goods.</i>	Limited data is currently available.
3	<i>Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2.</i>	No high-quality data currently available.
4	<i>Upstream Transportation and Distribution.</i>	No high-quality data currently available.
5	<i>Waste Generated in Operations.</i>	Limited data is currently available.
6	<i>Business Travel.</i>	No high-quality data currently available.
7	<i>Employee Commuting.</i>	No high-quality data currently available.
8	<i>Upstream Leased Assets.</i>	Not applicable. (No upstream leased assets).
9	<i>Downstream Transportation and Distribution.</i>	Limited data is currently available.
10	<i>Processing of Sold Products.</i>	No high-quality data currently available.
11	<i>Use of Sold Products.</i>	No high-quality data currently available.
12	<i>End-of-Life Treatment of Sold Products.</i>	No high-quality data currently available.
13	<i>Downstream Leased Assets.</i>	Not applicable. (No downstream leased assets).
14	<i>Franchises.</i>	Not applicable. (No franchises).
15	<i>Investments.</i>	Not applicable. (No Investments).

3.7 Data Quality & Confidence

There is a high confidence level in the accuracy of Scope 1 and 2 emissions data because:

- The site is small. With a small fleet of company vehicles (6 Cars). Accordingly, the process of monitoring the consumption of GHG emissions is efficient.
- Over 95% of the data covering Scope 1 and 2 GHG emissions has been obtained by direct metering of energy, or from fuel bills (corresponding to fuel consumption), or from manufacturers data, and by monitoring of material usage.
- The primary data (meter readings or consumption data) are entered onto a companywide proprietary global software package. The data set is validated by the site manager and digitally approved, prior to assurance of the data by any external third party.
- The appropriate National (or International) emission factors have been applied.
- Any financial data supplied has been independently audited by Deloitte LLP.
- The methodology and dataset have been independently audited and validated by DNV Business Assurance Italy

3.8 Uncertainties

Uncertainty in the quantification of the carbon footprint arise mainly from assumptions and estimations made wherever actual activity data has not been available. The use of average emission factors implies uncertainty because actual emissions can differ from averages.

For BISK Scope 1 and Scope 2 emission calculations presented in this report, uncertainties are introduced through metering accuracy and emission factors. However, these are considered small. Wherever uncertainty exists, efforts have been made not to underestimate the actual carbon footprint of the given activity.

All the Data from GHG emissions sources was obtained via direct metering or derived from measurement of fuel consumption, with appropriate emissions factors applied. This allows for a high confidence in the data.

F-gases - Within the subject boundary F Gases are used within refrigeration, cooling, and air conditioning units. All units are recorded, and serviced by a third-party company, in accordance with Slovak regulations (Slovakia Act 286/2009 & Edict 314/2009)

4. Carbon Management (Emissions Reduction) Plan

4.1 Background to plan

Summary - Brother Group Environmental Vision 2050

	Medium-term targets for FY2030	Environmental Vision 2050
Reduction of CO ₂ emissions	• [Scopes 1 and 2] Achieve 65% reduction from the FY2015 level. • [Scope 3(Categories 1, 11, and 12)] Achieve 30% reduction from the FY2015 level	Achieve carbon neutrality in all business operations and minimize CO ₂ emissions from the entire value chain to contribute toward creating a carbon-free society
Resource circulation	• Reduce the ratio of virgin materials used in products to 65% or less by FY2030 through the expansion of circular-economy-based businesses and materials recycling. • The manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater	Maximize resource circulation to ensure the sustainable use of resources and to minimize the environmental impact due to wastes.
Biodiversity conservation	• Assess the environmental impact of its business operations on the ecosystem and the effectiveness of restoration and conservation activities, and work to avoid and reduce the environmental impact on the ecosystem. • The manufacturing and sales facilities of the entire group work on ecosystem restoration and conservation activities on a voluntary basis depending on the situation in each region	Minimize the environmental impact of business operations and promote activities to restore and conserve the ecosystem beyond the impact

To help convert the global vision into a local reality, a local action plan is created, focusing on the emission reduction priority's set out below.

BISK began its Carbon Management Program for Carbon reduction in line with Brother group global targets in 2007 at time of startup. Energy saving measures have been implementing since this date.

BISK is committed to continually look for opportunities to reduce its carbon footprint through Investing in technology and innovation combined with education and training of stakeholders.

The carbon reduction management plan will be regularly reviewed with the aim of reducing the emission intensity indicator by at least 1% each year. This target will be monitored periodically (monthly) to check if

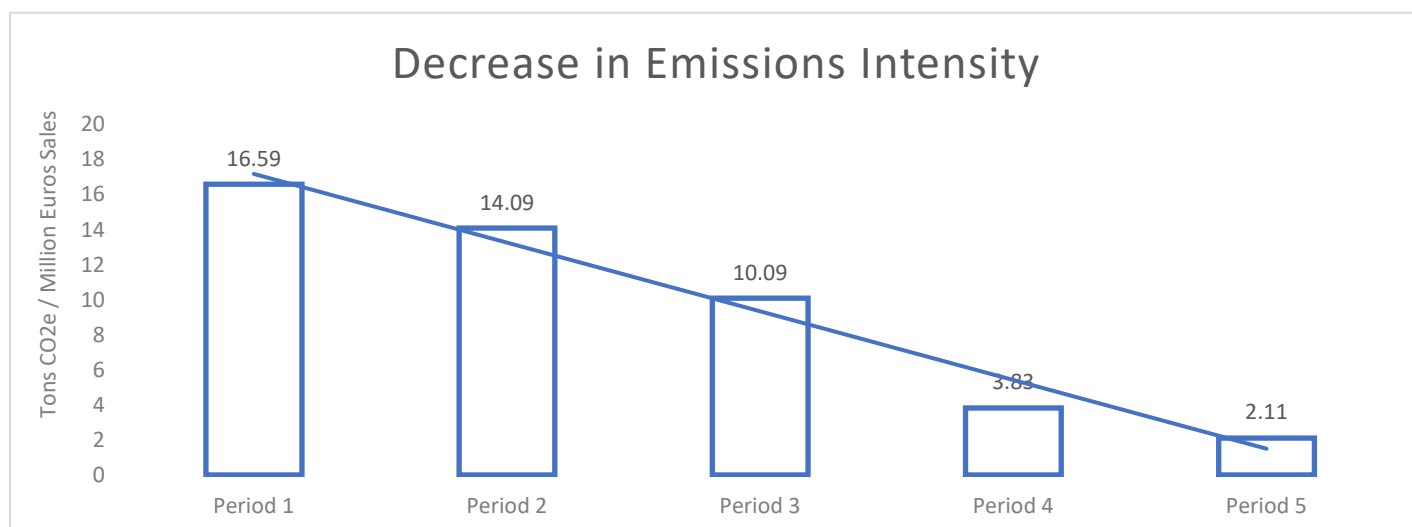
the expected results are aligned to the real ones. To achieve the target a series of project's have been implemented.

For the reporting period FY2024 the following reduction in emission intensity has been calculated:

Reporting Period	Verified Scope 1&2 Emissions (tCO ₂ e) In Period	Annual Sales € (Euros) In Period	Emission Intensity t CO ₂ e / (Sales - Millions €) In Period
Achievement Period 1 Baseline Period April 1st, 2020 – March 31st, 2021	246.1	14,833,271	16.59
Achievement Period 2 April 1st, 2021 – March 31st, 2022	214.2	15,198,235	14.09 (15% reduction from baseline)
Achievement Period 3 April 1st, 2022 – March 31st, 2023	220.6	20,351,021	10.84 (35% reduction from baseline)
Achievement Period 4 April 1st, 2023 – March 31st, 2024	77.9	20.325328	3.83 (77% reduction from baseline)
Achievement Period 5 April 1st, 2024 – March 31st, 2025	46.0	21.805524	2.11 (87% reduction from baseline)

The emissions intensity for current reporting period has decreased by 14.47 t-CO₂e / Sales (€ Millions) or 87% versus the first verification period.

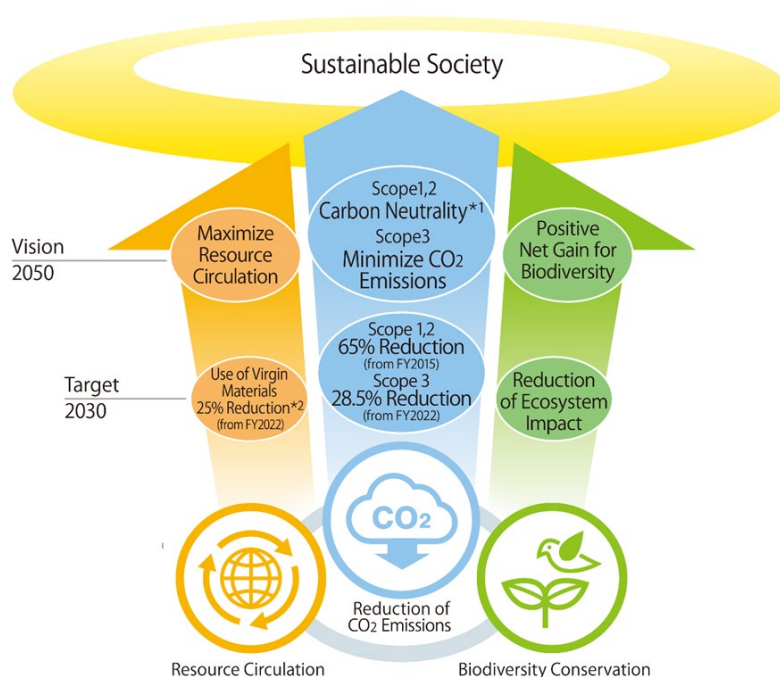
Total emissions in current reporting period have decreased by 200.1 t-CO₂e against 1st Verification period.



The carbon management (emissions reduction) plan is presented at the BISK Action plan kick off meeting in the fourth quarter each year where the progress of carbon reduction and energy efficiency of the operation is reviewed along with energy reduction options and initiatives. Progress against the plan is monitored by a series of agreed KPI's presented at the monthly internal Operational Excellence meeting, where approach and deployment of the plan are reviewed for ongoing effectiveness.

To help turn the group global vision into a local reality within our operational boundaries we have developed an Action Plan focusing on the emission reduction priorities described below. This current action plan is part of the company 3 Year strategic plan (CSB24) and the medium- and long-term group environmental action plans described in Brother group Environmental Vision 2030 & 2050.

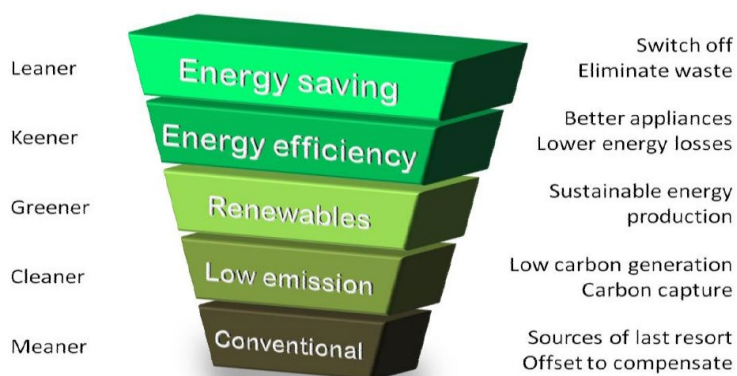
Brother Group Environmental Action Plan



BISK will continue to focus on the agreed strategy of the Carbon Management Plan moving towards 2030 in that: -

BISK will adopt an approach to reduce and eliminate a dependence on fossil fuels by moving to lower carbon energy sources and renewable energy whilst promoting energy efficiency, conservation, and reduction in all areas of our operations.

Hierarchy of Energy conservation and reduction



4.2 Details of ongoing / completed emission reduction projects implemented at BISK during current verification period.

BISK have already implemented several energy efficiency projects over the last 4 years that have had a significant effect on energy consumption and reducing carbon emissions vs the baseline year. The following projects have either been completed:

- Installation of Solar panels.
- Installation of Ground Source Heat / Cooling Pumps.
- Elimination of HFC's in Greases / Solvents.
- Switch to EV Hybrid Vehicles and installation of EV charging infrastructure.

Installation and utilization of Solar Panels – “Transition to self-generated electricity”

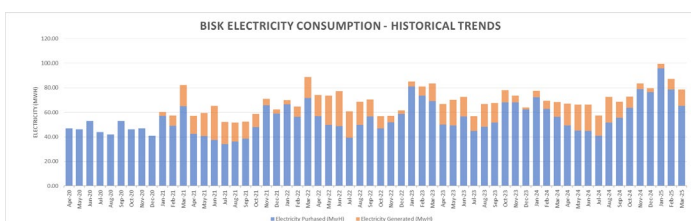
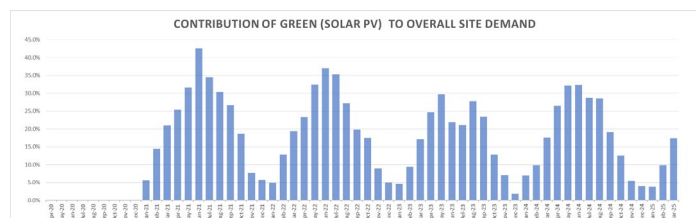
Purchased electricity is supplied by the Slovak Electricity Supplier and used in all manufacturing and support services and in the baseline, year of 2020 was responsible for 95 t-CO_{2e} of our market-based emissions.

In partnership with the EU and Slovak Ministry of the Environment and a total investment of €200,000 BISK undertook the Installation of a Photo voltaic (Solar Panel) array with an estimated annual generating capacity of around 170 MWh which will vary slightly dependent on annual sunshine and site utilization patterns.

Energy self-generation will free-up the purchase of carbon-free electricity from the National Grid, help offset increasing energy bills and increase energy security. A proportion of the self-generated electricity is used to power the installed pumps in the ground source heating system.

Installation of this project was completed in January 2021.

Results to date



- Panels installed 01/21.
- Output determined by season / weather conditions, but cyclical pattern is as anticipated.
- Economic activity (power usage) increased by around 20% from 03/21 because of start of second shift working pattern.
- Output from panels is providing around 21% of sites electricity requirements on an annual basis.
- Lower output in FY 23 due to essential maintenance in July / August – Peak generating period
- Lost output at weekends / holidays due to non-availability of suitable storage technology.
- Currently under Slovak regulations no sell back to grid of excess power generated is possible.

Installation of Ground Source Heating & Cooling – “Moving away from the burning of fossil fuels.”

Natural (Town) gas is used for the purposes of heating circulating hot water for heating the factory via a system of radiator's and to provide a source of hot water for hygiene and consumption. In the FY2020 use of natural gas was responsible for 99 t-CO₂e of our emission's.

In partnership with the EU and Slovak Ministry of the Environment an investment of €250,000 was made in the installation of a closed loop Ground source heating and cooling system. The system utilizes the existing artesian wells located on site.

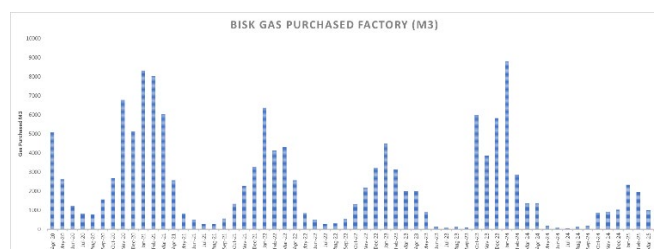
Installation of this project was completed in December 2020, subsequently in FY2021 a reduction in gas consumption from 49076m³ to 23750m³ over a comparable 12-month period was achieved, and quantifiable reductions of a similar value have been achieved in the following verification periods.

To improve energy efficiency further and eliminate the risks to energy security (Slovakia gas supply is mainly supplied Russia via a pipeline network transiting through the Ukraine). We have budgeted to enlarge capacity of the system in line with the following plans with target of elimination of emissions from use of natural gas by FY2025

- Expansion of Current Ground Source Heating / Cooling system – install extra heat pump and improve flow of water from artesian wells – Completed Q3/24
- Remove hot air gas heating from remaining Warehouse / Salvage areas and SCM office to be replaced by clean hot water heaters powered by electricity – Completed Q4/24.
- Installation of air source heat pumps in onsite apartments (not included in scope of reporting) where Ground source system is not practical – scheduled in Q3 / 2025.
- Installation of heat recovery systems to AC Unit exhaust system.

Results to date

BISK Consumption of Gas



- Gas used to heat factory, so demand is seasonal with highest consumption seen in winter period. Consumption related to intensity of winter.
- Phase 1 completed 01/21.
- Installation has shown a 50% reduction in consumption when compared with 5-year average usage pre installation.
- Phase 2 – installation of second heat pump completed Q3/24. Target elimination of gas usage (burning of combustible fuels) by 2025.
- Issues with well capacity restricted phase 2 operational switch on until Q3/24.
- Gas use in factory eliminated from 06/25

Elimination of HFC containing solvents & greases in the remanufacturing process

Historically HFC containing greases have been used as lubricants in the manufacturing of older toner cartridges.

In baseline year of FY2020 the single remaining HFC contain lubricant grease contributed 33 Tons CO₂e of our emission's.

Results to date

- Replacement of HFC containing lubricant greases with non HFC containing equivalents.
- Changes implemented in FY2020.
- Use of HFC containing greases eliminated.

Switch to the use of EV Hybrid vehicles and installation of EV charging infrastructure!

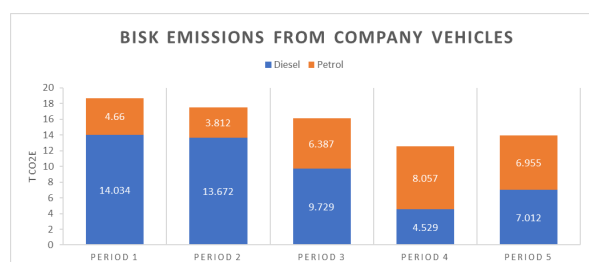
BISK have a fleet of 6 lease vehicles. 5 of which are manager's cars and one which is a designated pool vehicle. In baseline year of FY2020 there was 4 Diesel, and 2 Petrol (Gasoline) powered vehicles in the fleet.

In baseline year of FY2020 consumption of diesel fuel accounted for 14 Tons CO₂e of our emission's.

4 of these vehicles have been replaced with Hybrid (Electric / Petrol) vehicles under the leasing agreements as the contracts ended. The Fleet is now 66% Hybrid.

To support this initiative 4 Electric Vehicle charging points have been installed at the company premises, and 3 EV charging station has also been installed at the managers domestic residences.

Results to date



- Initial fleet changeover program now completed.
- Four onsite EV charging points installed.
- 3 Offsite charging points installed at domestic residences.
- Decrease in emissions from diesel usage, offset by increase in petrol emissions.
- Target 1% down in total emissions from Diesel and Petrol

4.3 Details of emission reduction projects at BISK for current verification period (April 1st, 2024, to March 31st, 2025)

- Expansion of ground source heating system to eliminate gas usage in factory. An additional heat pump was installed. Installation of the pump was completed on schedule in January 2024.
- Unfortunately following installation, we encountered hydrogeological issues with the onsite wells leading to restricted water flow and the need to drill a new well, this additional work was completed in Q3 24.
- The expansion of the ground source system to cover the entire main factory building was completed in early 2025, enabling us to reach our target of eliminating gas usage in 2025. The new unit will also replace the obsolete Lennox chiller units responsible for Fugitive emissions of HFCs detailed in this report.
- Elimination of market-based emissions by purchase of green / renewable electricity – we are now able to supply verifiable proof of this from January 2023 onwards by being able to supply a REGO certificate.
- Installation of energy efficient electrical transformers. In line with group policy, we replaced obsolete HV transformer with energy efficient design yielding an estimated saving of between 5%-15% per year within 2024.

4.4 Carbon Management Plan Summary

BROTHER INDUSTRIES (SLOVAKIA)												
CARBON MANAGEMENT PLAN - VERIFICATION PERIOD 5 (FY2024)												
Project	Project Description	Emissions Type	Baseline Data Source	Measurement Units	Period 1 FY2020	Period 2 FY2021	Period 3 FY2022	Period 4 FY2023	Period 5 FY2024	TOTAL SAVINGS Vs Baseline (t-CO2e)	Explanatory Comments	
Installation of Solar Panels Self Generation of Electricity)	Installation of Solar Panels (Self Generation of Electricity) Investment - 200k - Joint with EU Increase in economic activity - night shift started 03/21 - 20% up in power usage.	Location based electricity	0 Contribution from self generated green electricity	MWh	0	158	168	140	154	84.34	Total self generated electricity produced and used. Applicable emission factor for each measurement year used.	
				tCO2e	0	26.16	26.32	16.65	15.22			
				Saving From Baseline 1st Verification Period tCO2e								
Installation of Ground Source Heating / Cooling	Replace purchase of natural gas which is used to heat / cool factory. Using on site water wells. Phase 1- Completed 01/21. Phase 2 Completed 01/24 Total cost 300k - Joint with EU Aim to eliminate gas usage in factory by 2025	Combustible Fuels	5 Year Average Gas Consumption (2015 - 2020)	m3	65793	26739	24722	31399	10098	341.80	Applicable emission factors for each measurement year used.	
				tCO2e	133.08	54.05	50.39	65.30	20.77			
				Saving From Baseline 1st Verification Period tCO2e								
Elimination of HFC's in Solvents / Greases	Ending use of HFC / PFC in remanufacturing processes.	Emissions From Use of HFC's	Emissions from Using HFC containing solvents	Kg's	22.12	0				32.85		
				tCO2e	32.85	0.00						
				Saving From Baseline 1st Verification Period tCO2e								
Switch Company Car Fleet to EV Hybrid	6 leased company vehicles. From 03/23 4 Cars are Petrol Hybrid EV. Expect rise in petrol but offset decrease as switch from combustible fuels progresses. Target 1% Down YOY - Total emissions	Combustible Fuels Diesel	2020 Consumption - Pre roll out to EV Hybrid	kl	5.51	5.44	3.87	1.80	3.10	21.19	Applicable emission factors for each measurement year used. Company fleet has remained constant at 6 Vehicles over the period of plan. Plan implemented - switch to EV Petrol hybrid for 4 Vehicles, with 2 remaining as diesel. Fleet was originally 5 Diesel / 1 Petrol / 0 Hybrid. Plan is to switch to all EV at next lease change cycle.	
				tCO2e	14.03	13.67	9.73	4.53	7.01			
		Combustible Fuels Gasoline	2020 Consumption - Pre roll out to EV Hybrid	kl	2.15	1.74	3.05	3.85	3.34	-6.57		
				tCO2e	4.66	3.81	6.39	8.06	6.96			
Installation of energy efficient HV Transformer	Current transformer is over 50 years old. BIL require replacement at no more than 30 years. Replacement cost: 15k	Location based electricity		MWh							Installation Scheduled Q3/24	
				tCO2e								

We had also planned within the reporting period to increase production volume and sales in comparison the with baseline period and our 3-year action plan. In the CS B24 action plan volumes were budgeted to increase from around 1.6million units per year to 2.4 million units per year unfortunately this has not happened with the main reasons being the economic effects of the COVID pandemic and a failure to achieve growth in the collection and returns schemes. This is being actively addressed and a target of 2.7 million units is in place going forward into the next action CS B27 planning cycle starting in April 2025.

Some emissions are fixed, and some emissions are variable. Increasing the turnover value, whilst focusing on energy efficiency and reduction will improve our intensity ratio, because only the variable emissions will increase.

The activity will be supported by staff education and staff engagement, using the 5R approach. This will drive the conservation of energy by reducing wasteful behavior. It will also positively motivate staff by enabling them to make a positive contribution to the activity.

Brother Group 5R's.



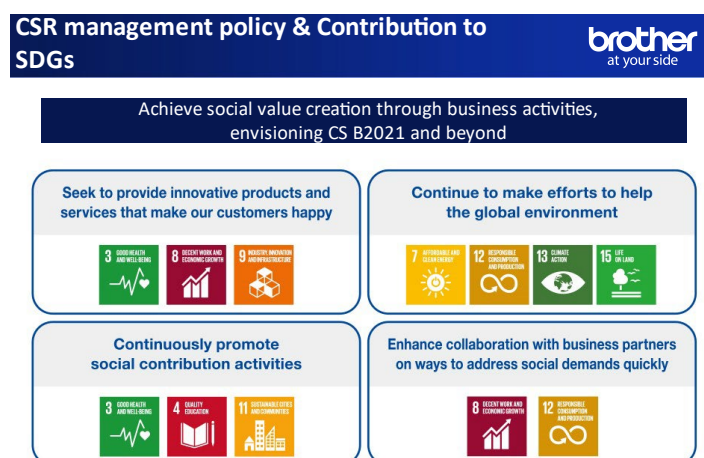
Historical reductions will not be considered.

5. Carbon Offset Program

5.1 Approach to Offsetting

BISK's wider sustainability strategy is anchored in the United Nations' 17 Sustainable Development Goals (SDGs). The SDGs are recognized as the blueprint for achieving a better and more sustainable future for all, based on the three pillars of sustainable development – social inclusion, environmental protection, and economic growth. The UN SDGs were a key consideration when it came to identifying an appropriate high quality, international carbon reduction project.

Brother Group Commitment to UN SDG's



5.2 Calculation of offsets to be purchased.

Following the process of verification, the number of offsets required will be purchased.

The purchase of credits will be used to offset the gross market-based Scope 1 and 2 GHG emissions outlined within the boundary of the subject that have been declared.

▪ **46.012t-CO_{2e} Gross Market Based Emissions.**

In total, **47t-CO_{2e}** credits will be purchased via **UNFCC**.

[United Nations online platform for voluntary cancellation of certified emission reductions \(CERs\) \(climateneutralnow.org\)](https://climateneutralnow.org/)

- The cost of each credit is \$2.20 (USD)
- The total cost is \$103.4 (USD)

5.3 Choice of offset project

The company identified and reviewed several offsetting schemes before choosing one that best aligned with our sustainability goals.

The Project selected was:

Utilization of waste gas from DRI Kiln for power generation in Raipur, India

The project involves the installation of a 55 TPH Waste Heat Recovery Boiler (WHRB#2) to recover waste heat from the flue gases of a 500 TPD DRI unit. The recovered steam will be supplied through a common header to an 8 MW turbine and a 33 MW condensing turbine, alongside steam from the existing WHRB#1 and two fossil-fuel-fired 90 TPH Fluidized Bed Combustion (FBC) boilers.

In the absence of this project, all the steam required for power generation would have been provided by the coal-fired AFBC boilers. Since no fossil fuel is consumed in the WHRB#2, the electricity generated through waste heat recovery will directly displace an equivalent amount of power from fossil fuel-based sources, thereby reducing greenhouse gas (GHG) emissions.

The WHRB#2 is expected to generate 10 MW of power, of which about 1 MW will be used for auxiliary consumption, resulting in a net supply of 9 MW. This will replace an equivalent baseline power generation, leading to annual emission reductions of approximately 48,951 tCO₂, and a total reduction of about 500,090 tCO₂ over a 10-year crediting period. The project thus contributes to climate change mitigation while promoting sustainable industrial growth.

Contribution to sustainable development

- The project contributes to sustainable development across following key dimensions:
- Generates employment opportunities for commissioning, operation, and maintenance in a rural and economically underdeveloped area.
- Enhances the professional skills of local people, contributing to long-term livelihood benefits. Implemented within the VGL plant premises without displacing local communities, thereby supporting inclusive development and reducing unemployment.
- Creates business opportunities for local contractors, consultants, and suppliers during both construction and operational phases.
- Contributes to local economic growth while supporting the nation's increasing electricity demand and energy security.
- Reduces thermal pollution by recovering and utilizing waste heat from DRI kiln flue gases that would otherwise be released into the atmosphere.

- Displaces fossil fuel-based power generation, thereby reducing emissions of SO_x, NO_x, and particulate matter, improving local air quality.
- Demonstrates efficient utilization of waste heat for clean power generation.
- Promotes energy conservation and adoption of waste-to-energy technologies, setting an example for sustainable industrial practices.

6. QES Verification Statement – DNV Business Assurance Italy Srl



STATEMENT

Statement No.
C834729First Carbon Neutral Achievement Date:
01 April 2021Statement Validity Date:
31 March 2025

This certifies that the organization:

Brother Industries (Slovakia) s.r.o. ("BISK")
 Osloboditeľov 929/15, Krupina 963 01, Slovak Republic.



has issued on the 09th September 2025 the
 Qualifying Explanatory Statement (QES) entitled:

**"Qualifying Explanatory Statement (QES)
 1st April 2024 to 31st March 2025 – 5th Achievement Period"**

claiming the third carbon neutral declaration of achievement for

Scope 1 and Scope 2 of Brother manufacturing site at Krupina, Slovak Republic (here-after "the PAS 2060 subject") for the period commencing the 1st April 2024 and ending the 31st March 2025 and with the commitment to maintain the carbon neutral status of the PAS 2060 subject until, at least, the 31st March 2025.

DNV has verified, according to the International Standard ISO 14064-3:2019 "Specification with guidance for the validation and verification of greenhouse gas assertions", the GHG assertions reported in the above referred Qualifying Explanatory Statement and relative to:

- the methodology used by the organization to determine the GHG emissions associated to the PAS 2060 subject during the first carbon neutral period.
- the PAS 2060 subject GHG emission reduction plan,
- the offsetting of the residual GHG emissions – remaining after the GHG emission reduction plan- associated to the PAS2060 subject through Voluntary Emission Reductions (VERs) generated by the Project named "Utilization of waste gas from DRI Kiln for power generation in Raipur, India" registered in the UNFCCC CDM Registry with cancellation certificates Start serial number: IN-5-323652416-2-2-0-10190 / End serial number: IN-5-323652462-2-2-0-10190

DNV states that that the above referred Qualifying Explanatory Statement complies with the requirements of the International Standard PAS 2060:2014 "Specification for the demonstration of carbon neutrality".

Place and date
 Vimercate (MB), 08 December 2025

For the Verification Body
 DNV – Business Assurance
 Via Energy Park, 14 – 20871 Vimercate - Italy

Maurizio Bellina
 Management Representative

Lack of fulfillment of conditions as set out in the Verification Agreement may render this Statement invalid.
 DNV Business Assurance Italy S.r.l. Via Energy Park, 14, 20871 Vimercate (MB), Italy. Tel: 039 68 99 905. www.dnv.it

7. Copy of Cancellation Certificate UN FCCC – VC39458/2025

Issued 18/11/2025



United Nations
Framework Convention on
Climate Change

Date: 18 NOVEMBER 2025
REFERENCE: VC39458/2025

**VOLUNTARY
CANCELLATION
CERTIFICATE**

Presented to
BROTHER INDUSTRIES (SLOVAKIA) s.r.o.
Project
Utilization of waste gas from DRI Kiln for power generation in Raipur, India
Reason for cancellation
I am offsetting greenhouse gas emissions for my company

Number of units
cancelled

47 CERs

Equivalent to 47 tonne(s) of CO₂



Start serial number: DN-5-323652416-2-2-0-10190
End serial number: DN-5-323652462-2-2-0-10190

Monitoring period: 01-07-2016 - 30-09-2019

The certificate is issued in accordance with the procedure for voluntary cancellation in the CDM Registry. The reason included in this certificate is provided by the cancellor.

brother
at your side