BRITA GROUP // SEPTEMBER 2018

# CORPORATE CARBON FOOTPRINT REPORT 2017

# THE BRITA APPROACH: BALANCE THE IMPACT

**As a family-owned company, BRITA has always placed importance on taking responsibility. Even today, the company is shaped by its day-to-day work with the invaluable resource drinking water and its values-based company culture.**

For many years now, BRITA has implemented initiatives and measures to reduce the consumption of resources and energy and has participated in society at large with a diverse range of activities. Yet it is also customers, business partners and other stakeholders who expect that BRITA take a responsible approach to natural resources and to progressively reduce its environmental impact.

Since 2016, corporate responsibility activities at BRITA have been consolidated and coordinated under the name *Balance the Impact*. *Balance the Impact* originated in the context of a project to reduce greenhouse gas emissions which was launched in 2013. Today, the phrase reflects the company's goal to better understand and document the environmental impact of its business operations, to minimise negative effects as much as possible and to "balance them out" with meaningful actions. This goal also applies to emissions of environmentally harmful greenhouse gases, because climate change is one of the greatest challenges the world faces today. That is why BRITA has been measuring the BRITA Group[1] corporate carbon footprint on an annual basis since 2015, using the data collected to identify new initiatives for reducing $CO_2e$ emissions. This report presents the results of the BRITA corporate carbon footprint for 2016 and 2017.

# BRITA CORPORATE CARBON FOOTPRINT RESULTS

The BRITA corporate carbon footprint as calculated for direct and indirect energy consumption in Scope 1 and Scope 2, amounted to a total of 3,900 tonnes of $CO_2e$ in 2017. Scope 1 emissions contributed a total of 3,430 tonnes of $CO_2e$. The 14.7 percent increase compared to 2016 can be attributed to the expansion of emissions documentation to cover additional company sites. Scope 2 emissions totalled 470 tonnes of $CO_2e$, which represents a 5.4 percent increase when compared with 2016. Scope 3 emissions amounted to 49,620 tonnes of $CO_2e$, an increase of around 17 percent compared to the previous year.

## SCOPE 1

The main source of Scope 1 emissions is the stationary energy used for the heating and cooling of production and office buildings and for production processes, such as steam generation. Natural gas (70 percent) and heating oil (7 percent) thus make up the majority of Scope 1 emissions[2]. The fuel used by the BRITA vehicle fleet accounts for around 23 percent of Scope 1 emissions.This represents a 9 percent increase compared to the previous year. This increase is due to the expansion of emissions data collection to cover additional company sites and the larger vehicle fleet necessitated by the overall growth of the BRITA business.

[1] *The term BRITA group does not refer to a corporate legal entity as such, but is used to indicate all BRITA companies as a whole.*
[2] *The use of wood pellets by one particular location resulted in $CO_2$ emissions of approximately 120 tonnes of $CO_2e$. In accordance with the GHG Protocol, these emissions are to be reported out of scope.*

| Year | 2015 | | 2016 | | 2017 | |
|---|---|---|---|---|---|---|
| | t $CO_2e$ | Share | t $CO_2e$ | Share | t $CO_2e$ | Share |
| **SCOPE 1** | **2,920** | | **2,990** | | **3,430** | |
| NATURAL GAS | 2,570 | 88 % | 2,390 | 80 % | 2,390 | 70 % |
| HEATING OIL | 130 | 4 % | 180 | 6 % | 240 | 7 % |
| FUELS | 220 | 8 % | 420 | 14 % | 800 | 23 % |

## SCOPE 2

Scope 2 comprises indirect emissions which are generated by the production of energy such as electricity or district heating. BRITA's global electricity consumption in 2017 was 10,660 MWh, whereby more than 90 percent was obtained from renewable energies. In 2016 and 2017, the BRITA GmbH production sites in Taunusstein (Germany), BRITA AG in Neudorf (Switzerland), BRITA Water Filter Systems Ltd. in Bicester (UK) and Asset S.r.L. (Italy) used certified eco-electricity. As a matter of principle, all BRITA subsidiaries are instructed to review and pursue the switch to electricity generated from renewable sources. Local conditions and availability still pose a challenge at some sites.

BRITA reports Scope 2 emissions according to the provisions of the GHG Protocol Scope 2 Guidance. For the location-based method[3] the respective country electricity mix as stated in publicly accessible databases was used. Based on this calculation method, BRITA caused 3,800 tonnes of $CO_2e$ in 2017. When the country electricity mix is applied, 380 tonnes of this was attributed to conventional electricity, 60 tonnes to district heating and 3,360 tonnes to eco-electricity.

| Year | 2015 | 2016 | 2017 |
|---|---|---|---|
| EMISSIONS FROM ELECTRICITY USE | t $CO_2e$ | t $CO_2e$ | t $CO_2e$ |
| LOCATION-BASED | 3,740 | 3,530 | 3,800 |
| MARKET-BASED | 470 | 450 | 470 |

Relevant for BRITA in terms of managing emissions is the market-based method[4] for indirect emissions, where the available residual mixes of the Association of Issuing Bodies (AIB)[5] were applied. Where unavailable, the relevant country mixes were used as a basis[6]. Due to the very high share of eco-electricity used at the energyintensive production locations, Scope 2 emissions as calculated using the market-based method amounted to only 470 tonnes of $CO_2e$. They were mainly accrued by office and warehousing operations at the international locations. Due to the expansion of data collection to include additional locations, the level of Scope 2 emissions increased by 5.4 percent compared to 2016.

[3] *Location-based method: the calculation defined by the GHG Protocol of Scope 2 emissions on the basis of average emission factors for a certain geographical region.*
[4] *Market-based method: the calculation defined by the GHG Protocol of Scope 2 emissions on the basis of actual emissions from generating the electricity purchased (based on data from electricity producers or residual mixes determined) and/or the district heating purchased.*
[5] *Association of Issuing Bodies (AIB): Association of European electricity certification bodies; residual mixes were calculated by Grexel Systems on behalf of the AIB; source: https://www.aib-net.org/facts/european_residual_mix*
[6] *Applies to Australia, China, Hong Kong, Japan and Russia.*

Within the framework of the ISO 50001 energy management system, which was certified in 2015 for the production sites Taunusstein and Bicester, BRITA works consistently to reduce the consumption of fossil fuels such as natural gas and heating oil, as well as electricity. The target is to reduce overall energy consumption by 20 percent for each 1,000 euros in sales by the year 2020. The implementation of various construction and process-related initiatives designed to improve energy efficiency yielded a 19 percent reduction of energy consumption by the end of 2017, which means the target can potentially be reached ahead of schedule.

## SCOPE 3

BRITA calculates selected Scope 3 emissions to get a clear picture of the ecological footprint and aims to use this learning to identify possible approaches towards achieving a reduction in greenhouse gas emissions. Emissions generated by the use of leased employee vehicles in the company car fleet are tracked, as are emissions from airline, rail and rental car travel[7] during business trips and those arising from the upstream chain of materials used in production. Specifically, emissions are documented for the quantities of activated carbon, ion exchange resin, plastics and other raw materials which BRITA purchases and processes further at its production facilities. These materials constitute the main components of BRITA filter cartridges.

The 2017 Scope 3 emissions totalled 49,620 tonnes of $CO_2e$. This represents around a 17 percent increase compared with 2016. The reason for this increase lies in the continued growth of the company, which in turn generates an increased demand for raw materials. Activated carbon and ion exchange resin, the most important components of the BRITA filter cartridges, are purchased in correspondingly large quantities. In 2017, these materials made up around 85 percent of Scope 3 emissions. The in-house recycling programme for BRITA filter cartridges can further drive the reduction of greenhouse gas emissions. Today, well over 2,000 m³ of ion exchange resin and activated carbon are already recovered and reused through this programme every year.

| Year | 2015 | | 2016 | | 2017 | |
|---|---|---|---|---|---|---|
| | t $CO_2e$ | Share | t $CO_2e$ | Share | t $CO_2e$ | Share |
| **SCOPE 3** | **42,480** | | **42,220** | | **49,620** | |
| MATERIALS | 37,630 | 89 % | 37,950 | 90 % | 44,770 | 90 % |
| LEASED COMPANY CARS | 3,000 | 7 % | 1,770 | 4 % | 2,000 | 4 % |
| BUSINESS TRAVEL | 1,850 | 4 % | 2,500 | 6 % | 2,860 | 6 % |

With a share of around 6 percent, business travel has represented a small proportion of Scope 3 emissions since 2015. Yet at the same time, airline travel in particular has seen a continuous increase at BRITA. The reason for this development is the increased focus on the growth markets in Asia and the establishment of a regional headquarters in Hong Kong. In the autumn of 2015, BRITA GmbH introduced a new company car policy at its German sites. In addition to particularly fuel-efficient vehicles, the policy promotes the use of electric cars and plug-in hybrids. Staff members can also use the charging stations which are provided free of charge and operated with eco-electricity. Among other benefits, since 2015 these initiatives have contributed to a 30 percent reduction in leased company car emissions to 2,000 tonnes of $CO_2e$ in 2017.

[7] *Rail travel data relating to the company site in Taunusstein has been available since 2016.*

# THE CORPORATE CARBON FOOTPRINT METHOD

**The corporate carbon footprint illustrates which greenhouse gas emissions (expressed in $CO_2$ equivalents, or $CO_2e$) were caused by the business activities of the BRITA Group in 2017 and 2016. Comparisons can also be drawn with the previous year and the base year 2015. BRITA calculates the corporate carbon footprint annually, but only releases a report every two years. The calculation is based on the provisions of the GHG (Greenhouse Gas) Protocol and is determined with the help of a professional software programme.**

## SCOPE OF THE REPORT

The report is limited to data from BRITA GmbH and selected subsidiaries within the BRITA Group. When it comes to the corporate carbon footprint, the production sites of Taunusstein, Bicester (UK), Asset (Italy) and Neudorf (Switzerland) are especially relevant. The other country subsidiaries are mostly sales offices or distribution sites with no production facilities of their own. The carbon footprint does not include newly-founded country subsidiaries or acquisitions which have not yet been integrated into BRITA's carbon reporting structures. They will be included in future reports, however. The BRITA companies included in the corporate carbon footprint calculations are responsible for about 90 percent of overall sales volume. The information in this report relates to the years 2015 to 2017.

## EMISSIONS DOCUMENTED

The GHG Protocol defines three different scopes into which a company's emissions are subdivided. Scope 1 encompasses emissions from direct stationary or mobile energy consumption, such as the burning of fossil fuels (heating oil, natural gas, fuel for fleet vehicles). At one location, wood pellets are used as heating fuel. In accordance with the GHG Protocol, these emissions must be reported out of scope as a side note. Scope 2 contains emissions from the generation of electricity and district heating that BRITA buys from energy suppliers. Scope 1 and Scope 2 emissions are fully documented in line with the provisions of the GHG Protocol Corporate Standard.

Scope 3 includes other indirect emissions that arise from business activities and along the value chain. In Scope 3, the BRITA corporate carbon footprint encompasses emissions from business travel, leased company cars and the manufacturing of materials purchased for production (activated carbon, ion exchange resin, plastics and other raw materials that BRITA processes directly). Finished product components that BRITA purchases are not currently included in the carbon footprint. The inclusion of additional Scope 3 categories is subject to future review.

## DATA QUALITY AND CALCULATION FACTORS

For the most part, data based on consumption and billing were used to calculate the corporate carbon footprint. Where specific consumption data were not available (e. g. for rented office spaces, for which electricity and water are billed at a fixed price within the ancillary costs), plausible assumptions were made and consumption was calculated or estimated using the arising costs.

[8] *The following companies are included: Asset s.r.L. (Italy, since 2017), BRITA GmbH (Germany) incl. the company location in the Netherlands, BRITA Water Filter Systems Pty. Ltd. (Australia), BRITA China Co. Ltd. (since 2017), BRITA S.A.R.L. (France), BRITA Water Filter Systems Ltd. (United Kingdom), BRITA Hong Kong Limited (since 2017), BRITA Iberia S.L. (Spain), BRITA Ionox Deutschland GmbH, BRITA Italia s.r.l. Unipersonale, BRITA Japan KK, BRITA Polska S.p.z.o.o. (Poland), BRITA OOO (Russia, since 2017), BRITA Wasser-Filter-Systeme AG (Switzerland), MAVEA LLC (USA, 2015/2016), MAVEA Canada Inc. (2015/2016), BRITA Vivreau Limited, (United Kingdom, since 2017)*

The conversion factors used for $CO_2$ equivalents are sourced from reputable databases (incl. GHG Protocol, Defra). When documenting Scope 3 emissions for purchased materials, BRITA was able to use conversion factors established in the certified product carbon footprints of individual BRITA products which were calculated in the past.

## EVALUATION AND ASSURANCE

The evaluation and tracking of climate-harmful emissions takes place at the BRITA Group level. BRITA uses the data from the Corporate Carbon Footprint Report to make its own processes more efficient and to identify approaches to improve carbon management in the value chain. PricewaterhouseCoopers AG has performed a limited assurance audit with regard to this Corporate Carbon Footprint Report 2017, which covers the reporting years 2016 and 2017. The auditor's report is attached to this document.

# REDUCTION AND COMPENSATION OF EMISSIONS AND OUTLOOK

BRITA has set itself the goal of systematically documenting the levels of environmentally harmful emissions and of progressively reducing them or "balancing them out". The initial focus of this approach are Scope 1 and Scope 2 emissions, since these can most easily be influenced and controlled by the organisation. Within the framework of the certified energy and environmental management systems in place at several production sites, initiatives to improve energy efficiency and reduce emissions are identified and then implemented. Non-production sites are also instructed to continuously review and reduce their consumption of resources. BRITA continues to evaluate areas where meaningful investments can be made in projects to reduce or partially "balance out" $CO_2$ emissions. The company is currently planning the construction of a new administration building and a production building. As a result, investments in existing buildings, for example to improve energy efficiency in the Taunusstein headquarters, are not currently seen as a priority. At the same time however, BRITA recognises that there is still unrealised potential to optimise both production and management processes.

Going forward BRITA will continue the expansion of the carbon management process and the development of a systematic approach to further improve data quality. As of 2018, data collection will be expanded to additional locations, including the production facility opened in China in 2017.

For a growing and globally expanding company, these goals pose a particular challenge. BRITA seeks to achieve these goals, while simultaneously pursuing ambitious strategic objectives and managing the continued growth of production and sales activities. BRITA views this challenge as an opportunity to gain key insights into its own activities. At the same time it is an opportunity to show that corporate responsibility is engrained in BRITA's selfimage and part of the company culture.

# ASSURANCE PWC

## Independent Practitioner's Report on a Limited Assurance Engagement[1]

## To BRITA GmbH, Taunusstein

*We have performed a limited assurance engagement on the disclosures in the accompanying report "BRITA Corporate Carbon Footprint 2017" of BRITA GmbH, Taunusstein, (hereinafter: "the Company") for the period from 1 January 2016 to 31 December 2017 (hereinafter: "Corporate Carbon Footprint 2017").*

## Responsibilities of the Executive Directors

*The executive directors of the Company are responsible for the preparation of the Corporate Carbon Footprint 2017 in accordance with the criteria as set out on pages 8 to 9 of the publication "A Corporate Accounting and Reporting Standard – Revised Edition" of the Greenhouse Gas Protocol Initiative (World Business Council for Sustainable Development / World Resources Institute): Relevance, Completeness, Consistency, Transparency and Accuracy (hereafter "GHG Protocol Criteria") as described in the supplementary information of the Corporate Carbon Footprint 2017.*

*This responsibility of Company's executive directors includes the selection and application of appropriate methods for preparing the Corporate Carbon Footprint 2017 as well as making assumptions and estimates related to individual Greenhouse Gas Emissions Data, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control, as they have considered necessary to enable the preparation of a Corporate Carbon Footprint 2017 that is free from material misstatement whether due to fraud or error.*

## Independence and Quality Control of the Audit Firm

*We have complied with the German professional provisions regarding independence as well as other ethical requirements.*

*Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.*

## Practitioner´s Responsibility

*Our responsibility is to express a limited assurance conclusion on the disclosures in the Corporate Carbon Footprint 2017 based on the assurance engagement we have performed.*

*Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Corporate Carbon Footprint 2017.*

*We conducted our assurance engagement in accordance with the International Standard on Assurance Engage-ments (ISAE) 3410: „Assurance Engagements on Greenhouse Gas Statements", issued by the IAASB. This standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Corporate Carbon Footprint 2017 of the company for the period from 1 January 2016 to 31 December 2017 has not been prepared, in all material aspects, in accordance with the GHG Protocol Criteria as described in the supplementary information of the Corporate Carbon Footprint 2017.*

*In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.*

*Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:*

- *Inquiries of personnel involved in the preparation of the Corporate Carbon Footprint 2017 regarding the preparation process, the internal control system relating to this process and selected disclosures in the Corporate Carbon Footprint 2017*
- *Evaluation of the appropriateness of assumptions made by the Executive Directors and disclosed in the supplementary information of the Corporate Carbon Footprint 2017, regarding the preparation of the Corporate Carbon Footprint 2017*
- *Evaluation of the appropriateness of methods used for the quantification of Emissions Data as well as the reasonableness of values estimated by the Executive Directors*
- *Identification of the likely risks of material misstatement in the report under consideration of the GHG Protocol Criteria*
- *Analytical evaluation of selected disclosures in the Corporate Carbon Footprint 2017*
- *Evaluation of the overall presentation of the Corporate Carbon Footprint 2017*

## Assurance Conclusion

*Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Corporate Carbon Footprint 2017 for the period from 1 January 2016 to 31 December 2017 have not been prepared, in all material aspects, in accordance with the GHG Protocol Criteria (Relevance, Completeness, Consistency, Transparency and Accuracy).*

## Emphasis of Matter – Use of Estimates and Assumptions

*Without qualifying our conclusion, we refer to the fact that Greenhouse Gas Emissions Data quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.*

## Intended Use of the Assurance Report

*We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.*

*Frankfurt am Main, 2 October 2018*

**PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft**

*Nicolette Behncke* *ppa. Axel Faupel*
*Wirtschaftsprüfer*
*(German Public Auditor)*

[1] *PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Corporate Carbon Footprint 2017 and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.*

# CONTACT BRITA

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