

# Bang & Olufsen ESG and sustainability data accounting principles 2021/22



## Scope

These non-financial accounting principles set out the scope, criteria, assumptions, and principles upon which Bang & Olufsen A/S calculate our non-financial environmental, social, and governance data, including our energy consumption, greenhouse gas emissions, waste, and employee data. They apply to the data presented in Bang & Olufsen's 2021/22 sustainability report.

The principles apply to data which covers the global operational footprint of Bang & Olufsen A/S, unless otherwise stated. The reporting period runs from June 1<sup>st</sup>, 2021 to May 31<sup>st</sup>, 2022.

## Data accuracy, completeness, use of estimations & conversion factors

While Bang & Olufsen A/S endeavour to ensure that the data presented is complete, from reliable sources, and based on actual data (e.g. smart meters, invoices and payroll), this is not always possible. In cases where this information is not available, we rely on estimations. Typically, if we have consumption data for a period (e.g. 11 months of consumption), we use an average of this data to estimate the remainder for the year. If there is a discrepancy between consumption recorded on invoices and meters we apply a conservative approach and take the higher figure.

Where we have estimated consumption and we receive actual consumption data after publication of our 2021/22 report, we will update the figures with actuals in the next reporting period. Where any material changes occur in the business, we will rebase the figures based on this change, in line with our financial reporting practices. For conversion between different units, we rely on internationally agreed conversion factors from DEFRA.

## Boundaries

### 1. Environmental data

Bang & Olufsen A/S consumes energy in the form of vehicle fuel, natural gas, electricity, and district heating during the operation of our business. This consumption is global in nature and varies from manufacturing sites, to offices, to retail locations and in company owned or operated vehicles. This consumption generates greenhouse emissions, and our business operations consumes both water and generates waste.

As a result, we have methodologies for the following data:

#### 1.1 Energy consumption calculation methodology

We measure our energy consumption because it is our major operational generator of greenhouse gas emissions. This data is sourced from:

- Electricity, district heating, and natural gas: This data is taken directly from supplier invoices as volume or cost, or from smart meters.
- Vehicle fuel: Vehicle fuel data varies per market. Where possible we collect fuel consumption in litres from company fuel cards; when not possible we use km driven based on odometer readings or agreed kilometres in the contracts and convert this to litres of fuel based on average vehicle fuel efficiencies. When using kilometres driven, fuel conversion factors from DEFRA (Department for Environment, Food & Rural Affairs, 2021) are used to convert Bang & Olufsen's fuel use into kWh for both petrol and diesel. For hybrid vehicles, they are treated as purely petrol vehicles.

Due to changes in our reporting scope, we are not able to provide comparative data for 2020/21.

#### 1.2 Greenhouse gas emissions calculation methodology

Bang & Olufsen A/S generates emissions from its operations, known as Scope 1 and 2 emissions, due to its consumption and use of energy in the form of vehicle fuel, natural gas, electricity, and district heating during the operation of our business. We also generate Scope 3 emissions from our logistics and warehousing footprint. We measure our greenhouse gas emissions (GHG) because it is a material issue for our business. This data is sourced from:

- Greenhouse gas emissions data: To calculate our greenhouse gas emissions, we use the data collected as energy activity data, for example the m3 of natural gas utilised in our Factory 5 aluminium production facilities, MWh of electricity and MWh of district heating purchased across our operations on an annual basis. Using this energy consumption data, we convert it to greenhouse gas emissions (tCO<sub>2e</sub>) using emission conversion factors.

We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology which classes emissions into 3 groups: Scope 1, 2 and 3. For Scope 1 and 2 emissions, we use emission factors from our suppliers, from the IEA (2021), and DEFRA (Department for Environment, Food & Rural Affairs, 2021) to translate this activity data into CO<sub>2e</sub> or greenhouse gas emissions. For Scope 3, we gather the emissions data directly from suppliers to account for emission of third-party suppliers of logistics and warehouse facilities transporting or storing our products.

At Bang & Olufsen A/S, our Scope 3 emissions presented in the sustainability report only include logistics and warehouse related emissions, as we currently do not have data to include a complete Scope 3 inventory.

Due to changes in our reporting scope, we are not able to provide comparative data for 2020/21.

### *1.3 Greenhouse gas emissions per million revenue DKK methodology*

This intensity metric is included to give the reader a view of the efficiency of Bang & Olufsen's operations. This metric is based upon Scope 1 and 2 (market-based) greenhouse gas emissions divided by Bang & Olufsen revenue in mDKK.

Due to changes in our reporting scope, we are not able to provide comparative data for 2020/21.

### *1.4 Greenhouse gas emissions per headcount methodology*

This intensity metric is included to give the reader a view of the efficiency of Bang & Olufsen's operations. This metric is based upon Scope 1 and 2 (market-based) greenhouse gas emissions divided by number of Bang & Olufsen employees as measured in headcount.

Due to changes in our reporting scope, we are not able to provide comparative data for 2020/21.

### *1.5 Waste and water data*

We measure our waste and water data because resource efficiency through circularity is a material issue for our company. This data is sourced from our suppliers:

- Waste: The data comes from a supplier online data portal based on meters
- Water: The data comes from a supplier online data portal based on meters

The data for waste generated and water consumed outside of our Struer locations is not included due to lack of available data.

For both the waste and water intensity metrics, they are included to give the reader a view of the efficiency of Bang & Olufsen's operations. They are based upon either waste generated (tonnes) or water used (m<sup>3</sup>) divided by Bang & Olufsen's revenue in mDKK.

## 2. *Social data*

### 2.1 *People and culture data*

Our people and culture data is reported as of 31<sup>st</sup> May 2022, and is based on headcount.

### 2.2 *Occupational health and safety data*

Our occupational health and safety data is also calculated based on headcount. The relevant KPI definitions are:

- Fatalities: This is the count of the number of fatalities reported during the year.
- Accidents without lost time: This is the count of the number of accidents without lost time
- Accidents with lost time: This is the count of the number of accidents with lost time where employees did not come to work the following day due to the accident or incident
- Lost days: This is the total number of days of absence where employees were absent from work due to work-related incidents

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