



# ESG & Sustainability Report 2021/22

B&O

Reg. number: 41257911



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## About this report

This document concerns the environmental, social, and governance performance of Bang & Olufsen A/S. It is prepared in accordance with GRI Reporting Standards: Core option. The energy and emissions data presented have received limited assurance for their data collection processes by an independent third-party assessor, and the report is compliant with sections 99a and b, 99c and 107d of the Danish Financial Statements Act and the EU Taxonomy regulation. This report, and the accompanying GRI Index as well as our ESG & sustainability Data Accounting Principles, are available on our website: <https://corporate.bang-olufsen.com/en/sustainability/policy>.

# Longevity for sustainability

Long and multiple lives for our products. That is what we call longevity, and it is our approach to a circular economy, climate action, and good corporate citizenship

**Dear reader,**

This was another year with good progress for Bang & Olufsen. We delivered double-digit profitable growth for the second year in a row and built a more robust company for the future. We achieved that despite the COVID-19 pandemic and several regional lockdowns, a global component and logistics crisis, and the tragic war in Ukraine. I want to express my gratitude to all my passionate colleagues and business partners for their big contribution throughout the year.

We also made strong progress on our sustainability efforts and our ambition to lead and inspire a movement towards a more circular, regenerative future. In this report, we can share our new ESG & Sustainability strategy. We have spent the past year working with the whole organisation and engaging with our key stakeholders to develop the strategy.

Long and multiple lives for our products. That is what we call longevity, and it is our approach to a circular economy, climate action, and good corporate citizenship. Designing for longevity has always been at

the heart of Bang & Olufsen, and our heritage of long-lasting, high-quality products shows how we understand longevity throughout their entire lifecycle.

With our new strategy, we will further enhance our longevity focus to become an even more sustainable company, and we will commit to new long-term sustainability targets to help us drive change and demonstrate our progress to the world.

We want to set new standards for product longevity and circularity. Our target is to have at least 10 of our products cradle-to-cradle certified within three years. And we are also looking to future development projects, and here we aim to certify all of our own products developed from 2022/23 to the same standard. Cradle-to-cradle is the world's most ambitious product circularity standard. In 2021/22, we were proud to be the first consumer electronics company to get a product cradle-to-cradle® certified.

We have the opportunity to contribute to a more sustainable future and take care of our planet, and we



Kristian Teär  
CEO



want to take responsibility for our full value chain when it comes to greenhouse gas emissions to help drive climate action across the board.

Towards 2024/25, we aim to achieve 100% renewable electricity in operations (i.e. Scope 2 emissions). During 2022/23, we will set an emissions reduction target in line with the Science Based Targets Initiative across Scope 1, 2 and 3. We will do that based on a full Scope 3 inventory that we will complete in the beginning of the year.

### Industry leading longevity initiatives

In 2021/22, we achieved several important milestones that underline our commitment to longevity. In October, our speaker Beosound Level received the Bronze-level cradle-to-cradle® certification.

We also took several longevity initiatives aimed at both past, present, and future products. Among other, we introduced Beolink Multiroom on our latest product platform. This proprietary software enables our customers to connect our classic products all the way back from the 1980s to today's products and ensure that our products stay relevant. We also expanded our classic programme and made it possible to upgrade Beogram turntables and we significantly improved our service and software support to help our customers keep their product playing and updated.

Innovation plays a fundamental role in creating more sustainable products, and this year, we continued to strengthen our global partnerships within several fields of research to increase focus on longevity and circularity, as well as investing in IP. Furthermore, we partnered with leading educational institutions to support global talents and help foster the innovators of the future. Our aim is to continue building product icons that can last a lifetime and beyond. We will do that through ground-breaking technologies, acoustic innovation, craftsmanship and design, while at the same time taking an even bigger responsibility for the entire product ecosystem

### Engaged and motivated people

COVID-19 had a major impact on both our business and people this year. Many colleagues were forced to work from home for longer periods, especially in China, and their resilience continues to amaze us.

We are pleased to see that we continue to see highly motivated people across the organisation. This year, we surpassed our people engagement score target of 75, ending at 77. We also completed a global workplace assessment with focus on physical and mental aspects, which will help drive initiatives to improve the well-being of our employees. We expect COVID-19 to continue to impact our business and our people. We maintain a strong focus on supporting all colleagues in managing this, while also building a strong company culture centred around our new core values.

Ensuring a diverse and inclusive workplace is a key priority for us, and we introduced several new initiatives this year, including a Diversity, Equity, and Inclusion (DEI) Council to help us identify actions and drive progress. The Council is sponsored by the Global Leadership Team, and we have already seen several positive outcomes of their work including greater emphasis on creating awareness of DEI issues, as well as a focus on more inclusive recruitment processes. However, we did not achieve our target for improving the gender representation in leadership positions this year. It is not satisfactory, and we will continue our efforts to improve, and as an example we will, from the coming year, introduce mandatory DEI target setting for all people managers reporting to the Global Leadership Team as part of their quarterly business review.

We stand with the international community in strongly opposing the war in Ukraine. Immediately after Russia's invasion, we stopped sales and shipments to Russia and Belarus, where retail partners ran B&O branded stores, and subsequently we terminated their contracts. We also have a retail partner in Ukraine, and we continue to do our best to support him and his family. Our employees were eager to help the people impacted by this tragic war, and we decided to start a company fundraiser to contribute with humanitarian support. Together with our employees we raised more than DKK 200,000 that was donated to the Red Cross in March 2022.

### Demonstrating progress on our commitments

In the beginning of the financial year, we published a detailed overview of key environmental, social and governance metrics for the company.

In the past 12 months, we have worked to further validate our data and identify additional actions and metrics to increase transparency on our ESG and longevity performance.

In this year's report we have, for the first time, assured data for our Scope 1 and 2 greenhouse gas emissions. Unfortunately, they reveal that our emissions have increased, mainly due to increasing utilisation of our manufacturing site in Struer. We will work to mitigate that in line with our new long-term targets for greenhouse gas emissions, which includes achieving 100% renewable electricity in operations by 2024/25.

We also made significant commitments by becoming signatory to the UN Global Compact and by joining the Science Based Targets Initiative. Together with our sustainability commitments, this will set the direction for us to grow Bang & Olufsen in a sustainable way and to demonstrate our progress to customers, colleagues, communities, partners, and investors.



# Sustainability Highlights of the year



Launched the world's 1st  
**Cradle-to-cradle**  
certified consumer  
electronics speaker

**50 years**  
is the time between the launch of the Beosystem  
72-22 in 2022 and the original launch of the  
Beogram 4000 in 1972. The Beosystem 72-22  
allows the vinyl from the 1972 Beogram 4000 to  
be streamed via modern  
Beolab 18 speakers



**20.8GWh**

of electricity consumed in our global operations in 2021/22.  
While we became more efficient, we also had higher activity  
levels with 10% product growth resulting in more energy consumed in  
ur aluminium factory. That led to a 3% increase in energy consumption  
across our Danish footprint compared to 2020/21.



**30%**

of B&O employees have been with the  
company for more than 10 years



**~20,000**

repairs and refurbishments completed at our  
repair centre in Struer, Factory 3, in 2021/22



**2022**

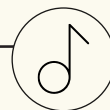
is the year we joined the Science Based Targets Initiative  
committing to science-based climate action in line with a  
1.5°C future across our whole value chain

# Business model



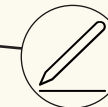
## THE BANG & OLUFSEN BRAND

Since 1925, Bang & Olufsen has been designing the future, creating unconventional excellence for delightful living. In an ever-changing world, we believe innovative design and technology continue to change how we all hear, see and feel the world.



## CUSTOMER TARGETING

The target audience is defined as Design & Music Lovers with a particular focus on four distinct customer segments: Generation Z, Careerist, Well-established, and VHNWI<sup>1</sup>.



## DESIGN & CREATION

Designing and creating innovative products at Bang & Olufsen begin with a vision, rooted in perspectives on how emerging and exiting technology create new opportunities, and how customer patterns create new demands.



## MANUFACTURING

Asset-light manufacturing model focused on driving efficiency. Renowned inhouse aluminium processing enables us to develop unique components and bespoke solutions. Other parts of the manufacturing process are undertaken by ODMs<sup>2</sup> and production partners.



## VALUE CREATION

Bang & Olufsen strives to deliver iconic, reference-class products that integrate seamlessly with past, present, and future technologies and endure and retain value. The company strives to create value for Design & Music Lovers through its brand and product propositions, for shareholders through diligent and consistent development of the company, and for society by being a responsible employer locally and globally.



## SALES

Multichannel go-to-market model builds brand experiences across physical and digital channels, reaching customers where they wish to engage. Physical retail includes company owned stores, partner owned mono-brand stores, and multi-brand stores. Digital channels include own eCommerce and e-tailers and new SoMe based digital channels.



## CUSTOMER ACTIVATION

Brand and marketing activities are designed for the target audience and specific customer segments. Customer awareness, consideration and loyalty are boosted through demand creation activities across physical and digital channels.

<sup>1</sup> Very High Net Worth Individuals; <sup>2</sup> Original Design Manufacturing



# ESG & Sustainability at Bang & Olufsen

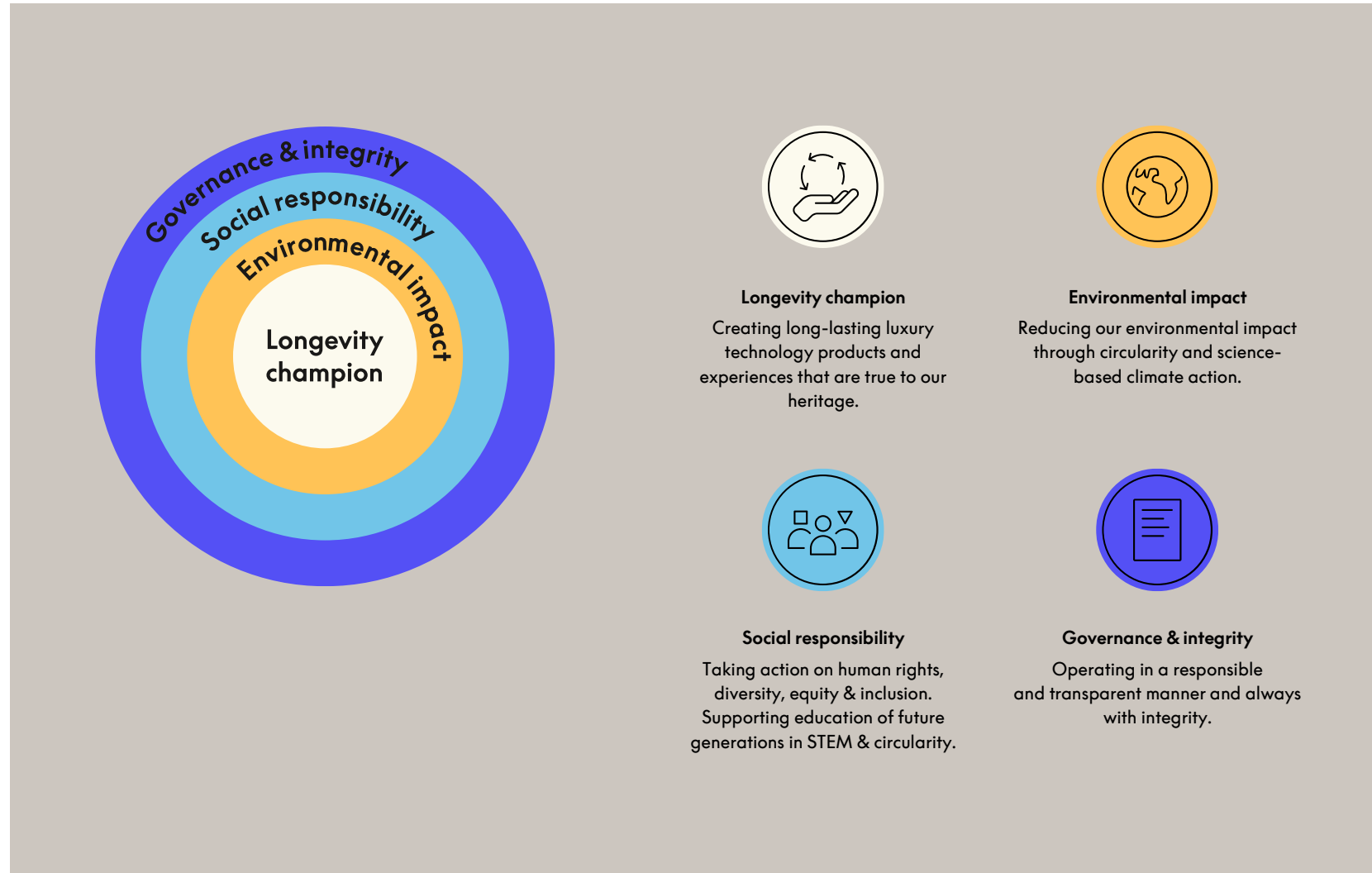
Designing for longevity has always been our hallmark. In the future, we will continue to pioneer magical sound experience that are designed for life to change how people hear, see, and feel the world.

## Our approach

Pioneering technology innovations and design thinking is in our DNA, and we have an unparalleled history of creating enduring magical experiences through beautifully crafted, long-lasting products.

Today, products we crafted 50 years ago are still playing beautiful music and bringing joy to customers. In 2021/22, our speaker Beosound Level received the cradle-to-cradle certification (bronze), which is the most ambitious product circularity standard in the world. We are the first company in consumer electronics to receive it, and it underlines our commitment to longevity, durability, circularity, and upgradeability.

Our proud past and present form the basis for our new ESG (Environmental, Social, & Governance) & Sustainability strategy.

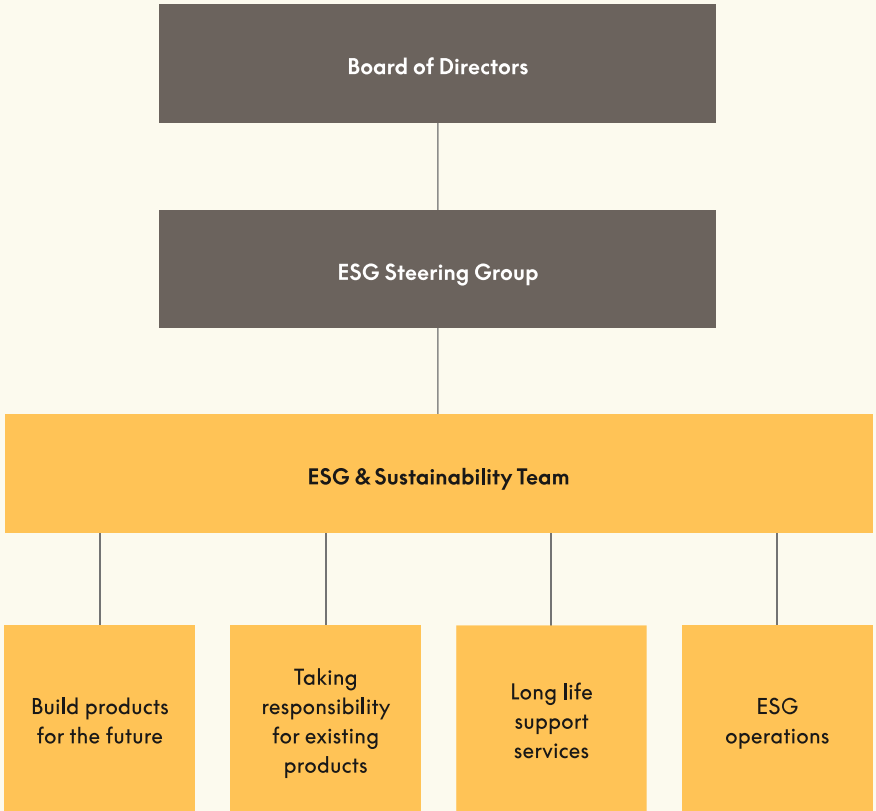


Our ambition is to lead and inspire a movement towards a circular, regenerative future by creating long-lasting luxury technology products and experiences – from the first customer to the last.

We will enhance our focus on product longevity through circularity. It is an area where we believe we can show leadership – and inspire the rest of the industry – on how to reduce the negative impacts of products and supply chain and strive towards positive outcomes.

We believe that the strategy addresses our stakeholders’ areas of concern, our company’s most material impacts and underlines our commitment to the principles of responsible business outlined in the UN Global Compact charter. On top of this, the strategy is guided by the UN Sustainable Development Goals (SDGs), and it is aligned with our business priorities and core capabilities.

The strategy demonstrates our ambition to make a positive impact for our employees, customers, shareholders, as well as for wider society, while operating in a way that respects planetary boundaries. To ensure we drive progress on this agenda towards 2025, we have identified ambitious targets illustrated in the table on the next page.







## Governance structure

Our ESG & Sustainability strategy is embedded in the business strategy and the overall responsibility for both lies with the Board of Directors.

Our Executive Management Board (EMB) and our wider Global Leadership Team (GLT) hold the operational responsibility for achieving our sustainability targets. Members of the EMB and GLT form our ESG Steering Group, which works across the organisation on the identified and prioritised activities needed to realise reflected in the strategy. An operational structure has been established to ensure that activities are anchored in the business and with functional leads responsible for delivering in their respective areas. The ESG & Sustainability Team is responsible for coordinating and driving this work together with the functional leads, as well as reporting to the GLT and the Board of Directors on progress.

Underpinning this governance approach is our policies on Stakeholder & Sustainability, Business Conduct & Ethics, and People & Diversity. These policies have well-defined lines of responsibility to the GLT or the Board of Directors.



TOPIC		LONG-TERM ESG AND SUSTAINABILTY TARGETS
	Longevity champion	All products beginning development from 2022/23 onwards are to be cradle-to-cradle® certified^
		At least 10 cradle-to-cradle® certified products by 2024/25^^
		Demonstrate industry leading repairability on headphones and speakers by 2024/25^^^
	Environmental impact	Achieve 100% renewable electricity in operations by 2024/25 (Scope 2)
		Set an emissions reduction target in line with the Science Based Targets Initiative across Scope 1, 2 and 3 by the end of 2022/23
	Social responsibility	Four times a year, 100% of people managers reporting to the Global Leadership Team will report on local DEI targets as part of their business review ^^^^
		Each year, ensure training for DEI council members to enable them to support the organisation with DEI targets and initiatives
		Target 1 million people with information on value of circular and long-lived consumer electronics by 2024/25
	Governance & integrity	Each year, 100% of the Global Leadership Team to receive face to face ethics and business conduct training
		100% of our high-risk suppliers to undergo on-site audits every 2 years^^^^^

Note:  
^ Excludes collaborations and partner products , and does not include products already in the company’s product roadmap  
^^ Includes all existing products and on product roadmap  
^^^ Industry leading will be defined using repairability indices benchmarking performance among competitors  
^^^^ Global Leadership Team is the wider leadership team , consisting of all the functional leads reporting to the CEO  
^^^^^ Approximately 60% of our product related spend is classified as high risk . Supplier risk is evaluated through a matrix that looks at potential business impact as measured by commercial relevance of the supplier and the proximity to our brand , against the risk of non-compliance with the Code of Conduct requirements .

# The UN Sustainable Development Goals (SDGs)

As a business with a global footprint, and a commitment to be a responsible corporate citizen, we support a sustainable, equitable future for all, and we understand our obligation to contribute to achieving it.

We have mapped our strategy and targets to the UN SDGs to ensure alignment with the 2030 agenda aiming to achieve a sustainable development in terms of peace, people, and prosperity.

Our main targets and activities are focused on contributing towards the following SDGs and their targets:



Responsible Consumption and Production means circular material flows, zero waste, making products that last longer through different and new service models

#### RELATED SDG TARGETS\*:

- 12.2 By 2030, achieve the sustainable management and efficient use of natural resources
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse
- 12.8 By 2030, ensure that people have the relevant information and awareness for sustainable development and lifestyles in harmony with nature



Climate Action means taking real, necessary, and science-based action to reduce our climate footprint to stay within the 1.5°C of global warming threshold that has been agreed upon through the Paris Agreement in 2015

#### RELATED SDG TARGETS\*:

- 13.2 Integrate climate change measures into national policies, strategies, and planning
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



Quality Education strives to reduce inequity in access to education and promote lifelong learning. Bang & Olufsen provides learning opportunities for employees and the wider community through formal educations, research fellowships, internships, and mentoring programmes

#### RELATED SDG TARGETS\*:

- 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development



Gender equality aims to achieve equality between the genders and empower all women and girls

#### RELATED SDG TARGETS\*:

- 5.1 End discrimination against women and girls
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making

Note: \*Related SDG targets refer to the Global indicator framework from the UN (<https://unstats.un.org/sdgs/indicators/indicators-list/>)



# Our materiality assessment

## Understanding our impact through stakeholder dialogue

We engage with our most important stakeholders regularly and work to integrate relevant input into our ESG and sustainability activities and risk assessments. We define our most important ESG and sustainability impacts according to best practice reporting standards defined by GRI, the Global Reporting Initiative. As a result, we use the process of materiality to identify our most material issues.

By understanding which areas are significant for us, we are able to mitigate risks and seize potential opportunities. This includes where our operations and products are having an environmental, social or governance impact, our physical environment, and the markets and customers we serve.

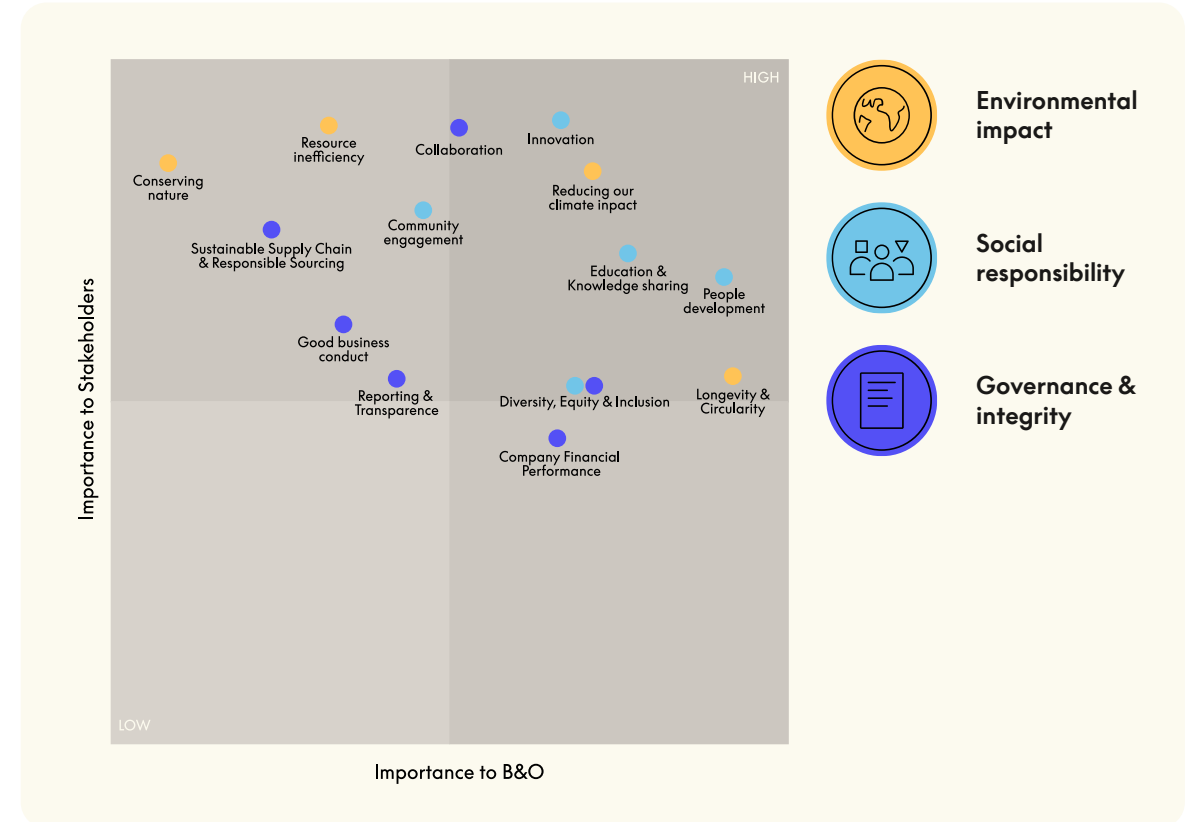
The materiality assessment is based on stakeholder engagement that enables us to gather insights from our key stakeholders on specific areas of importance to them. We then integrate their input into our strategy and activities in a focused and proactive way. The continuous engagement with stakeholders ensures that our decision making, and prioritisation reflects the most important areas of concern and where our business has the biggest impact. On top of this, the materiality assessment also determines our metrics for corporate reporting.

Our most recent materiality assessment was conducted in the second half of 2021. Key stakeholders and subject matter experts created a list of topics of concern, that was prioritised, and consequently mapped in an impact matrix.

The material issues have informed our new sustainability ambition, strategy, and focus areas. By taking this approach, we can proactively address the most important impact areas for both our stakeholders and our business.

We commit to undertake a review of the materiality assessment annually, as well as conducting in-depth reassessments at least every two years, or if there is a major change to our business.

Displayed in our materiality matrix are our most material issues (top right-hand quadrant) and, as a result, our ESG and sustainability reporting boundaries.





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# The importance of longevity

## Our approach

We believe in long and multiple lives for our products. We call it longevity, and it is our approach to a circular economy, climate action, and good corporate citizenship.

Our heritage of long-lasting, high-quality products demonstrates how we understand longevity throughout their entire lifecycle; from the selected raw materials and components, the design, manufacturing and distribution, the use, their 'second life', and eventually, their end-of-life handling or disposal.

For years, we have looked to manufacture our products in a sustainable way and run our business in accordance with best practice compliance frameworks. By starting to work with the cradle-to-cradle design principles for product circularity, we have gained new perspectives on business and sustainability-related opportunities and identified areas for improvement. These learnings and the outcome of our materiality assessment are integral parts of our new ESG & sustainability strategy.

## Our strategy

Our ambition is to lead and inspire a movement towards a circular, regenerative economy by creating long-lasting luxury technology products and experiences that are true to our heritage – from the first customer to the last.

By circular, we mean minimising our negative impact by closing material loops to eliminate waste and reduce our greenhouse gas emissions in the value chain. By regenerative, we mean doing better by working to create a sustainable, healthy environment.

From the first customer to the last reflects our longevity perspective that a product from Bang & Olufsen should have more customers during its lifetime – in its original form or as a repaired or refurbished format.

With long-lasting, we want to focus on longevity as an important approach for addressing climate and environmental impact. And spotlight where we can have the greatest impact as a company. We want to help our customers keep our products for longer, encourage more sustainable purchasing patterns, emphasise quality over quantity, and make loving second-hand products easy.



**“We want to lead and inspire a movement towards a circular, regenerative economy by creating long-lasting luxury technology products and experiences; from the first customer to the last.”**

## Main focus areas

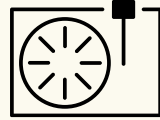
Our greatest contribution to reaching a circular and regenerative economy is through our products, we have three main areas where we will work to deliver on our longevity promise.



# 1.

### Designing for the future

We want to lead the industry by providing more long-lasting, circular, and sustainable products. We will develop modular products that are functionally and aesthetically upgradable when technology, or our customers' taste, changes. Therefore, we are committed to using the world's most ambitious product circularity standard, the cradle-to-cradle certification, to independently assess our products and validate our claims.



# 2.

### Taking responsibility for the past

We want to challenge the view of what 'new' really is and the notion that a 'second life' is perceived as less attractive than a new, unused product. In 2020, we launched the 'Recreated Classics' initiative, where we renovate, restore, and recreate some of our most iconic products with the purpose to extend their lifetime. This movement is also reflected in the newly established worldwide Classic Service Alliance, where 11 trusted service centres can upgrade the Beogram 4000, which was the first classic to be relaunched.



# 3.

### Ensuring continued and multiple lives through repair and service care

We also want to challenge the view that a high-quality product necessarily has an end-date. As an example, we aim to offer industry-leading repair and service guarantees on more products to provide a longer lifetime. At its end-of-useful-life, we dismantle the product and to the extent possible reuse certain components in other repair loops or we sell them. This approach is already seen to provide very little electronic waste in our Struer factory, where resellers and private customers can hand in worn-out equipment.

## Longevity

We believe in more lives for our products. They are – per design – long-lasting due to high material quality, timeless design, and innovative audio technology, but for us there is more to it.

For us, longevity means that we design cradle-to-cradle certified products for the future, that we take responsibility for existing products by extending their lifetime through recreating our classics or through repair, software and service. It is sustainable consumption where one Bang & Olufsen product can add value to more customers for decades.



## Our performance on longevity in 2021/22

The year presented a breakthrough in terms of validating our modular and longevity approach to product development and design.

### 1. Certification for circularity and longevity

Firstly, we delivered the world's first ever consumer electronics product that has achieved certification according to the cradle-to-cradle certification for product circularity. The Beosound Level achieved this certification in September 2021. In May 2022 this contributed to the Beosound Level winning a prestigious iF design award in Berlin where the longevity and circularity attributes of the product was praised. To read more about the Beosound Level cradle-to-cradle (bronze) certification, please turn to page 18.

### 2. Services for longevity

During Milan Design Week 2021 we presented an exhibition of our products demonstrating the possibility to design out waste, exemplified by an exploded view of a 1970's Beogram 4000 Series turntable to illustrate modularity. By considering technological obsolescence and designing to accommodate technology changes, we can contribute to reversing the industry trend of electronic waste (e-waste).

As part of our Recreated Classics programme, we launched a new upgrade service kit. This makes it possible for everyone who owns a vintage Beogram

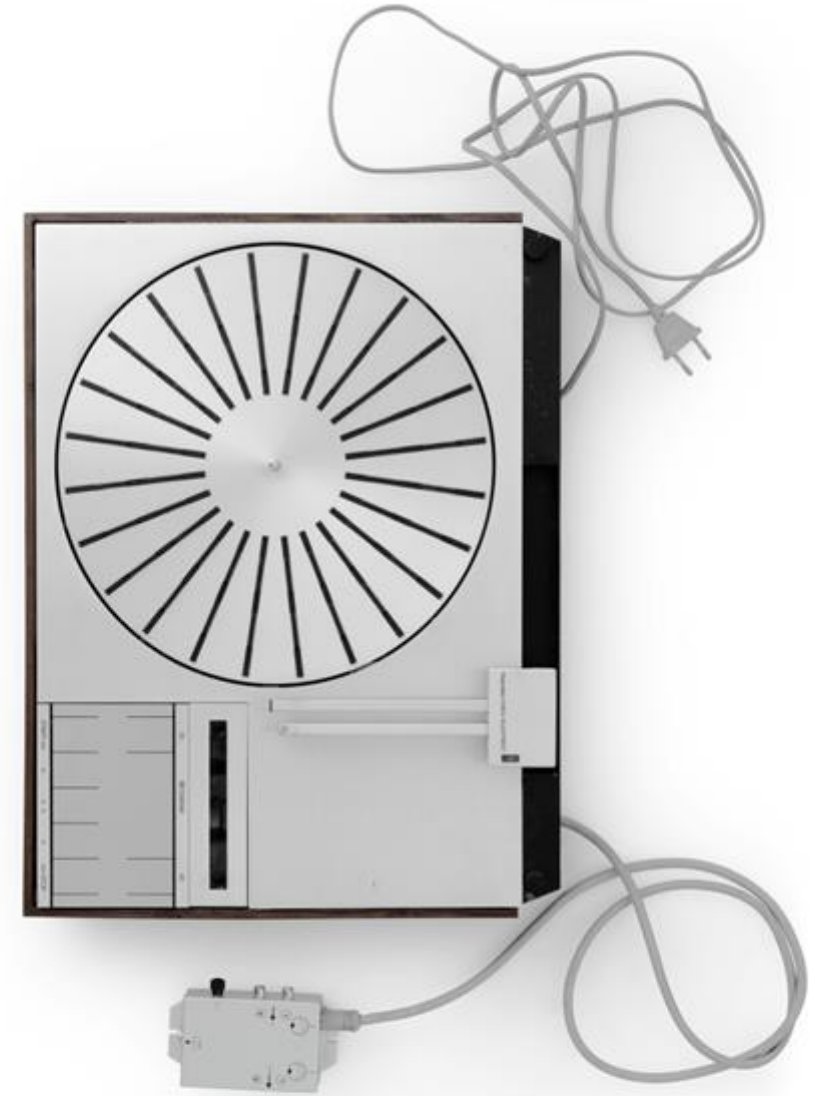
turntable to have it restored and refurbished and connect it to modern speakers. This demonstrates how we can design products for longevity and make them relevant beyond the first lifecycle. By inspiring our customers to service, repair, and upgrade their audio products, they enjoy a lifetime of music with the products they love.

### 3. Software for longevity

In January 2022, we celebrated 40 years of industry leading Multiroom audio by introducing Beolink Multiroom technology for our latest product platform. The software update provides connectivity between the past, present and future products from as far back as 1986 to today. The connectivity spans different technologies, including turntables, CD players, Mp3 media to the latest streaming media and music services. The update gives our customers the freedom to upgrade and expand their collections and ensures them a lifetime of music.

### 4. Processes for longevity and circularity

Over the past year, we have worked to integrate the learning from the cradle-to-cradle certified® product standard into the business. This includes a framework for implementing necessary design principles to meet the requirements. On top of this, we have developed our own reparability performance assessment method. This is based on the French Repairability index being used to evaluate the relative reparability across brands and between electronic products. This assessment will





help us create a baseline for understanding how our products perform. We are working with these insights to help us further improve the repairability of our products.

### 5. Education for longevity and circularity

To raise awareness and increase knowledge the importance of circularity and repairability, we created a training module for our employees and business partners on the cradle-to-cradle certification. The helps increase understanding of how the standard works, why it is important, and which circularity features enable the longevity of Beosound Level. The training has been taken by 74% of those eligible.

## Circular Economy

Long before circular economy became a 'must-do' for sustainable businesses, it was part of our DNA and heritage to manufacture products which could be shared, reused, and repaired for as long as possible and where materials from dismantled products could be part of new 'product repair loops' or sold. We will further build on this by sourcing sustainable, innovative, and durable materials and to manufacture our products with a low carbon footprint.

### Focus for 2022/23

- We will certify more of our products according to the cradle-to-cradle methodology
- We will also begin integrating cradle-to-cradle criteria into our design and development process
- We will work on design for durability to ensure the longest possible first life in our large speakers and TV products
- For our on-the-go category of headphones and earphones we will work to improve their repairability using our repairability index. We also aim to refine the index to ensure we understand the levers available to us, including how to design headphones that can meet the demanding standards of the cradle-to-cradle certification.

# 74%

of our partners engaged with our learning platforms in 2021/22 completing our cradle-to-cradle training module to learn more about the certification, the power of circularity and longevity for reducing environmental impact





**“By achieving Cradle to Cradle Certified® Bronze for Beosound Level, Bang & Olufsen proves that a paradigm shift from a linear to a circular system in the consumer electronics industry is both possible and feasible. The certification validates the circular design and sustainable production achievements for the speaker and paves the way for further circular technology developments.”**

**Dr. Christina Raab**  
President & CEO at the Cradle-to-Cradle  
Products Innovation Institute

## **Longevity and cradle-to-cradle go hand in hand**

Our cradle-to-cradle certified® Beosound Level speaker is an example of our longevity approach, as we wanted to extend the lifetime substantially and beyond industry standards.

The speaker is designed with a modular approach, making it easy to maintain, service and repair. For example, customers can replace the batteries themselves, and customize the speaker covers with new materials and colourways. In addition, the speaker can have new features via software updates and the module itself can be replaced if streaming technology becomes outdated. Once the speaker reaches its end-of-useful-life point after many years of service, Beosound Level allows a resource efficient circulation process because it is easy to disassemble, and we have used high-quality materials.



# Cradle-to-cradle certified products are key for our circular economy aspirations



We want to live our sustainability ambition of ‘leading and inspiring a movement towards a circular, regenerative economy’ by being industry frontrunners in product longevity.

## Understanding cradle-to-cradle

Cradle-to-cradle is a design concept in which products are created according to the principles of circular economy (see info box on page 17).

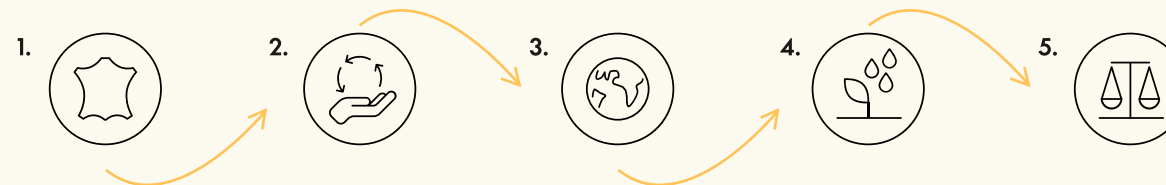
The framework has been created by The *Cradle-to-Cradle Products Innovation Institute*, which aims to support sustainable development and circular change, by introducing a replaceable, customizable, and upgradeable approach to products. Bang & Olufsen’s approach is an addition to the Institute’s specific requirements in the standard.

## The elements of a cradle-to-cradle version 4.0 certification

A certification process measures the environmental and social sustainability of the product based upon five categories:

1. Material health
2. Product circularity
3. Clean air and climate protection
4. Water and soil stewardship and
5. Social fairness

Products that meet the transparent criteria of this rating system audited by a 3rd party, receive the cradle-to-cradle certification, which spans over five categories from basic to platinum. The Beosound Level was bronze certified and among the first products to receive the new version 4.0 certification.



## We could save 4 Megatons CO<sub>2</sub> annually by keeping our products

If all Europeans would extend the lifetime of certain domestic appliances, laptops, and mobile phones by one year, we would save around 4 MtCO<sub>2</sub> annually by 2030. That corresponds to taking over 2 million cars off the roads for a year\*.

So far, it has not been researched how big an impact extending the lifetime of Bang & Olufsen products by one year would make. With our longevity approach, we encourage our customers to protect, repair and upgrade both hard- and software in our products so they can last for more decades. They are designed for it.

\*Source: EEB (2019) Coolproducts don't cost the earth - full report. HYPERLINK "<http://www.eeb.org/coolproducts-report>" [www.eeb.org/coolproducts-report](http://www.eeb.org/coolproducts-report)

# Longevity highlights



## The Beonists

In 1980, the Beonist-community was established to ensure that all former employees have a close connection to the company and each other after they retire. Today, the group consists of more than 300 Beonists. Once a year, they are invited for a Beonist-day where they see the new products, and just as important, can stay in touch with each other and talk about the “old days”. Many of the Beonists play an essential role in maintaining the extensive historical collection exhibited at Struer’s Bang & Olufsen Museum.



## Our wall of 25 years’ work anniversaries

Since the birth of the company, we have been a centre of excellence in terms of industry know-how, innovation, and craftsmanship. Our Headquarters in Struer, Denmark hosts a wall with portraits of dedicated colleagues who have been with us for 25 years or more –living examples of longevity. There are now 1,315 colleagues and former colleagues represented. The enforcement of the rule of 25 years’ faithful service has been so strict, that the portrait of one of our founders, Svend Olufsen, isn’t present as he was with the company for ‘only’ 24 years and 1 month before passing away.



## Beolab 5 component loop running since 2003

Hand in a malfunctioning Bang & Olufsen module and get a used, repaired and upgraded one in return while your audio experience and speaker performance remain at the same, high-quality level – tested by our Tonmeister. That’s the concept of our Beolab5 module loop, which has run since 2003 without interruption. We can offer this long-term service because we store data on each product we sell, and when we receive a module for repair, we look it up. Based on our experience and learnings over the years, we also have deep insights into which errors may occur in a module. We proactively correct these in the repaired and upgraded module we place in the speaker before we send it back to our customer for further use.

## 60 years

The time between winning our first iF design award in 1962 for the BELCANTO tape recorder and our latest award for the Beosound Level in 2022. In between, we won the iF design awards 73 times.



Awarded since 1953, the iF DESIGN AWARD is the oldest independent design seal in the world. It is a symbol of outstanding design achievements, focusing on the innovative power of design. This year Beosound Level won an iF DESIGN award because of its focus on longevity, craftsmanship and quality.





# Environmental impact

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# Environmental impact

The climate emergency and biodiversity loss, driven by overconsumption and fossil fuel use, are the defining environmental challenges facing humanity at this time. At Bang & Olufsen, we are aware that our operations, products, and value chain have an impact on the natural environment and climate, and we take responsibility for addressing these.

We are committed to reducing our climate impact through circularity and science-based climate action. We manage and drive progress on this important agenda by creating circular and long-lasting products and solutions. We also work to lower our value chain carbon emissions in line with climate science, and we collaborate with long-standing partners to leverage expertise and share insights to drive change.

It is our ambition to push the boundaries of our industry by creating more sustainable products while also improving user experience.

Our approach is to integrate sustainability in our operations through our environmental management system, which is based on the ISO 14001 principles. We do that in collaborations with our key stakeholders to

ensure widespread commitment. Furthermore, we set targets addressing our sources of energy, for reducing the carbon emissions in our value chain, and for creating products that are long-lived, recyclable, upgradable, extendable, and repairable. Performance against our targets will be driven through the updated sustainability governance hierarchy (see page 8 of the report).

Our environmental activities are grounded in our Stakeholder & Sustainability Policy, our Environmental Guidelines, and our Animal Welfare Guidelines.



# Circularity, materials, and resource use

## Our approach

Our focus on the circularity and longevity are scientifically validated ways to reduce climate impact, while also minimising e-waste, overconsumption, and linear resource use.

Recent research from Circle Economy, published in the 2022 Circularity Gap Report<sup>1</sup>, highlighted how and by how much a circular economy can help society to close the greenhouse gas emissions gap. The research provides solutions to reduce resource extraction and use by 28% and cutting down on greenhouse gas emissions by 39%. Circularity is a ‘powerful addition to the clean-energy transition’. It is needed to ensure that society moves away from the linear behaviour of take-make-waste, and moves towards a more sustainable, long-term model for resource use.

## Performance for 2021/22

During the year, we worked to increase resource efficiency and reduce waste in our operations and supply.

### 1. Operational resource use

50% of our colleagues are located at our headquarter campus in Struer, Denmark, as well as 100% of our in-house manufacturing capabilities. In 2021/22, 820 tons

of waste was generated at this site, which is an increase of a third versus the previous year. This is primarily due to building work and renovations at our Danish sites generating a lot of construction waste. On top of this there was an increase in scrap aluminium from the manufacturing process; over 100 tons more aluminium scrap was generated than the previous year. This can be attributed to 24/7 operations at our manufacturing site for almost the entire period due to high order volumes. All the scrap is sold for reuse in other industries, and this contributes to our recycling rate of nearly 74% of waste generated at this location.

Our waste to incineration rate dropped 3% from 20% to 17% of total waste generated going to incineration. However, our share of waste sent to landfill increased from 6% to just over 9% of total waste generated during the period. We recognise that we have to improve to achieve circular material flows in our operations. In 2022/23, we will expand our waste management addressing this footprint, as well as focus on reducing the landfill rate to retain resources in the circular material loops.

Water usage at our headquarters increased 26% by 6,500m<sup>3</sup> due to the increase in manufacturing, requiring more water for the anodization process.

<sup>1</sup> <https://www.circularity-gap.world/2022#Download>

<sup>2</sup> WEF (2021) <https://www.weforum.org/agenda/2021/12/aluminium-emissions-recycling-circular-economy/>



## 2. Materials for manufacturing

In our products we use materials that come from the natural environment. Our approach to materials sourcing must support our commitment to sustainable products with a focus on longevity, circularity, and high standards of ethics.

To support this ambition, our materials design team worked closely with procurement and operations on more initiatives to increase transparency and traceability of our key materials. We want to understand where our materials come from, the manufacturing processes they undergo, how we use them, and which lower impact alternatives exist to provide our customers with the same luxury experience without compromising on quality.

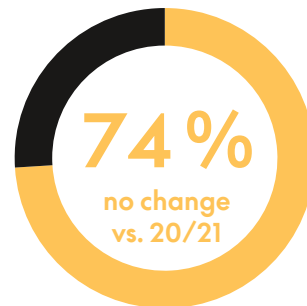
# 820 tons

of waste was generated at our headquarters during 2021/22. This was a +33% increase compared to the previous year

As a result, we are exploring low carbon or recycled alternative materials for some of our products. For example, we have begun working with low carbon aluminum, where possible and when available. This is important for reducing climate impact further down the supply chain. According to the WEF, a switch to recycled aluminium would also be beneficial as more than '90% of current aluminium emissions are associated with primary production', while recycled aluminium consumes only 5% of the energy needed to make virgin aluminium<sup>2</sup>.

On top of this, we also published a new materials guideline for our Bespoke product category which covers different environmental, social, and governance concerns for materials used in and sourced for these high-end products.

Recycling rate (% of total waste generated)  
at our headquarters during 2021/22



## 3. Logistics optimisation

In 2021/22, we expanded on previous years' work of mapping our greenhouse gas emissions with the aim to reduce that footprint through different initiatives.

Firstly, we implemented dual production for some of our bulky products. We did that to manufacture local product variants closer to the final customers and minimise the transportation distances and overall fuel consumption.

We also worked to reduce our emissions from transportation by using less energy intensive modes, such as sea or rail where possible. Using rail can reduce greenhouse gas emissions significantly, while using sea can also reduce emissions dramatically compared to traditional air transport (more than 90% for some routes). Unfortunately, we were unable to utilise these lower emission transportation modes to the extent that we would have liked. This was due to the war in Ukraine and the supply chain disruptions caused by COVID-19.

We are also investigating new technologies such as sustainable aviation fuel (SAF) and the use of electric vehicles to decarbonize the transportation of our products.

In terms of warehousing, we have now integrated sustainability criteria into our contracts with key providers to reduce waste through trialling different packaging solutions for our products when in transit.

Finally, we continue to work on reducing the impact of our logistics operations through better data quality, collaboration with our key suppliers on new approaches, and investigating alternative solutions for delivering products to our customers.

We significantly improved both the scope and the accuracy of the greenhouse gas emission report to get a view on how to minimize our climate impact.

### Focus for 2022/23

- To standardise and extend our waste and recycling management programmes
- To begin a Lifecycle Assessment process for products and ensure we have the data we need to understand the true environmental impact of the material choices we make, and can quantify the impact of taking more sustainable decisions
- To transport more of our products by sea instead of by air



# Energy and climate

## Our approach

We are committed to reducing our climate impact through circularity and science-based climate action. By creating circular and long-lasting products and solutions, we can lower our value chain emissions in line with climate science. We are doing this by working with long-standing partners to leverage expertise and share insights to drive change in the industry. This ambition are underpinned by targets addressing our sources of energy, understanding, and reducing the carbon emissions in our value chain.

## Performance for 2021/22

The increased demand for our products meant an increase in energy consumption in our facilities. However, we worked to find different solutions to avoid the environmental impact of this challenge through several initiatives.

### 1. Energy consumption

Over the past year, energy consumption was 20.8GWh. For the first time, these figures include all energy: from heating to electricity, to vehicle fuel consumed at all locations where the company has operational control. Our Struer and Lyngby sites counts for more than 75% of colleagues and our manufacturing site. Despite implementing energy efficiency initiatives during the course of the year, including insulating our manufacturing site, the energy consumption on those two sites grew 3% from 17.5GWh to just over 18GWh in 2021/22. While electricity consumption grew 15%, and

natural gas increased by 6%, district heating declined by 11% over the same period. These changes can be attributed to increased activity at Factory 5. This is also reflected in our Scope 1 and 2 emissions too. While we became more efficient, we also grew our organic product sales by 10% this year.

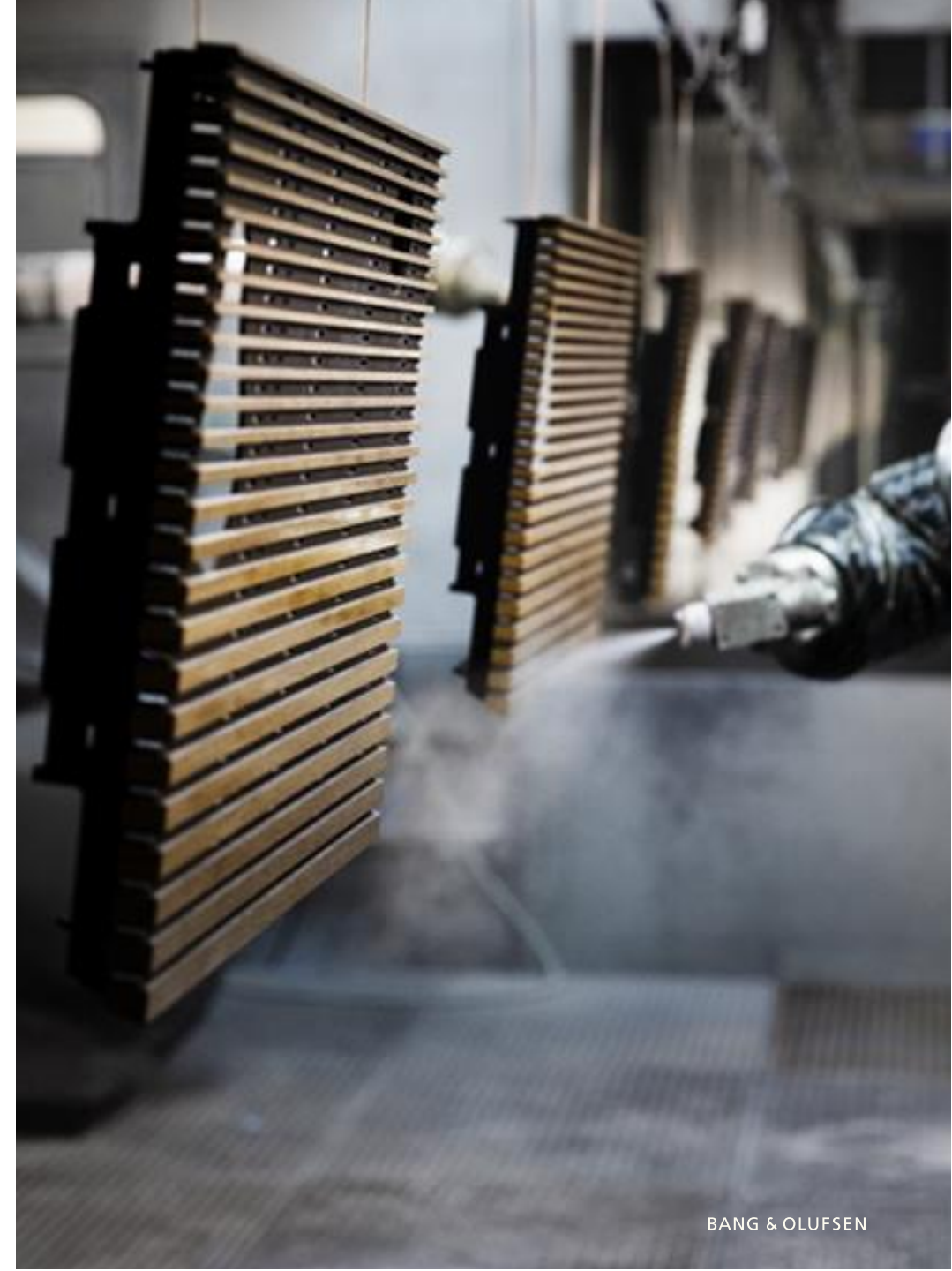
Natural gas is used in the anodising process for aluminium in Factory 5. This process results in a large amount of excess heat. As a result of the excess heat, as well as a 10% increase in the number of 'degree days' during the year, there was less need for district heating. This is reflected in the 11% reduction in consumption.

Degree days are the number of days where the mean outside ambient air temperature is above a standard temperature at which point the district heating would increase to compensate for cold or below average weather temperatures.

To shift away from fossil fuels towards renewable energy sources, we have invested in an electric boiler to replace the existing natural gas infrastructure powering our anodizing process. On top of this, we have also made a commitment to source renewable electricity across our global operations by 2024/25.

### 2. Greenhouse gas emissions (GHG)

In 2021/22, our energy use across our operational footprint generating a total of 4,819tCO<sub>2</sub>e GHG emissions across Scopes 1 and 2 (market-based).



Of these emissions, 22% was Scope 1; almost equally driven by natural gas for the anodization process at our Factory 5 manufacturing plant, and from vehicle fuel for our fleet. Natural gas emissions increased 6% versus the previous year due to increased production at Factory 5 compared to 2020/21. This is the first year we have collected vehicle data, thus there is no comparison to previous years.

Our Scope 2 emissions account for 78% of our operational (Scope 1 and 2) emissions. To assess that, we used the market-based calculation methodology as we do not currently source renewable electricity for our operations. Of our Scope 2 emissions, 12% relate to district heating. The majority of that is sourced in Struer and has a very high renewable energy component (77%), and therefore a low emissions factor. The remainder of our Scope 2 emissions are generated from electricity. Of our global electricity footprint, 95% is consumed in Denmark across our Struer, Lyngby, and Copenhagen store locations.

By shifting away from natural gas and purchasing renewable electricity purchasing, we expect to reduce our total Scope 1 and 2 emissions by at least 65% in 2022/23.

Currently, we only have partial information available for our Scope 3 footprint. Our data collection relates to our logistics and warehouse footprint, and in 2021/22, these emissions increased by 40% compared to the

previous year. This was due to an increase in product volumes, but also the global logistics crisis and the war in Ukraine that meant we had to transport more product by air.

### 3. Transparency

2021/22 was the first year we published GHG accounting on our corporate website. It is also the first year that we report according to the GRI sustainability reporting standard and achieve limited assurance for an external auditor on our energy and emissions data collection process.

It is important for us to standardise and publicly disclose our Scope 1 and 2 data as we have made a commitment to address and reduce our climate impact through the Science Based Targets Initiative. In August 2022, we will undertake a Scope 3 inventory to create a baseline for the value chain reduction target.

### Focus for 2022/23

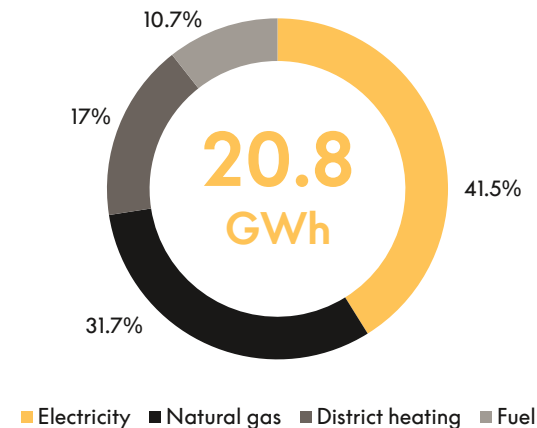
- Eliminate natural gas as a fuel at our manufacturing site
- Source renewable electricity for our operational footprint, achieving at least 100% of electricity consumed in Danish operations to be renewable by end of next fiscal year.
- To complete a full Scope 3 emissions inventory by 2023/24

- Develop climate reduction targets for the whole value chain, using our Scope 3 inventory, that are aligned to climate science and submit them to the Science Based Targets Initiative for validation and approval
- Finalise a new fleet policy to phase out petrol and diesel vehicles with ambition to source only electric vehicles by 2024/25
- Increase transparency in our energy and emissions data and initiatives by submitting our first CDP climate change disclosure

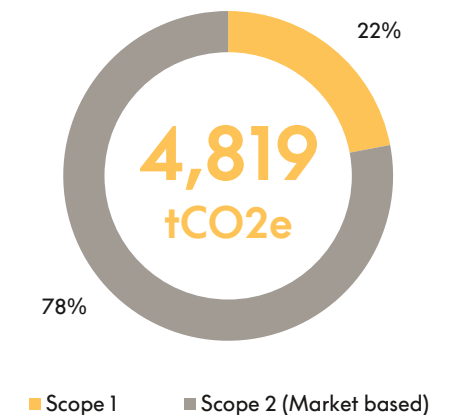
# 550 tCO<sub>2</sub>e

Emissions generated by our company owned or leased fleet in 2021/22. Before the end of 2022, we will adopt a policy to shift to electric vehicles by 2024/25

Energy consumption by type of energy 2021/22



Greenhouse gas emissions by scope 2021/22





# Social responsibility

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# Social responsibility

Bang & Olufsen wants to be recognised as a people-oriented and responsible company. We believe in people and their potential and are passionate about creating an inclusive environment where colleagues are motivated, engaged and feel like they belong.

We have a long history of designing human-centric products and magical experiences. We have the responsibility for ensuring that we have a workplace that enables us to continually succeed with that.

We have an ambition of leading and inspiring a movement towards a circular, regenerative movement future. This will only be possible with great and engaged people. To support this, we have begun the integration of our new core values. These values will help evolve our culture and reinforce a people-centric workplace that embraces diversity and ensures a work environment that is equitable and inclusive. We will only grow, if our people have the opportunity to realise

their full potential and feel empowered to nurture their own development.

We also continuously engage with society and our communities. We see it as part of being a responsible company that we support local initiatives and share knowledge to the benefit of society.

In 21/22, we focused our Social Responsibility efforts on Diversity, Equity, and Inclusion, People Development, and occupational Health & Safety, particularly supporting our colleagues and business partners during the ongoing COVID-19 pandemic and the war in Ukraine.



# Bang & Olufsen's Core values



## Be Entrepreneurial

Being entrepreneurial is at the heart of our culture.

We are all seriously curious and willing to truly listen and understand each other. We are willing to take risks and to learn from our mistakes. Equally important, we are passionate “doers” who love to execute and know how to go from ideas to results.

We all act as proud owners of Bang & Olufsen and show commitment to the mission we are on.



## Show Love

We show love in what we do, the people we do it with, and the people we do it for because we know that this is how you create the best human experiences.

Love to us is about acting with genuine care and showing each other respect. It means having integrity and courage to stand up for what we believe is right.

We embrace diversity and aim to make people feel appreciated and valued to make our customers, colleagues, partners, and society feel the love we value.



## Create Magic

We always aim to change how people hear, see, and feel the world, and we always measure our success by those standards.

We keep doing what we've always done. Breaking, writing, and rewriting the rules. Creating magical experiences. And we know we always need to team up to succeed with this.

We think differently and we act differently, and we always aim to have a positive impact on the world.



# Diversity, equity, and inclusion

## Our approach

We want to be representative of the society in which we operate; the markets in which we sell and the pool of talents we hire from. We acknowledge that diversity becomes valuable only in a work environment that is equitable and inclusive. Being a company that supports diversity of thought and can select from the widest talent pool possible is business-critical and enables us to stay innovative and competitive.

## Performance 2021/22

Bang & Olufsen's Executive Management Board consists of three members, of which one is female (33%) and one is international (33%). The company's Board of Directors consists of 10 members including employee elected representatives, whereof four are female (25%), and three members have international backgrounds (33%). Of the shareholder elected members of the Board, 33% are female and 50% have an international background. The Board believes that members should be chosen for their overall competences and recognise the benefits of a diverse Board in respect of experience, culture, and gender.

We updated our People & Diversity Policy to define diversity across age, gender, culture, and competencies. Today, 47% of our leaders in senior management positions<sup>2</sup> have an international background, and 20% is the underrepresented gender (non-male). It has been our goal to further diversify the representation in leadership positions and this target has not been

achieved, which is not satisfactory. Going forward, all people managers, reporting to a member of our Global Leadership Team, will embed Diversity, Equity and Inclusion initiatives and targets in their quarterly business reviews. They will be supported and coached by our Diversity, Equity & Inclusion (DEI) Council. We are taking this approach because we believe it is necessary to develop a pipeline of diverse talent from within our organisation. Thereby creating a future pool, we can draw on to increase gender diversity as senior management levels.

The DEI Council was established in 2021/22 with the purpose to foster innovative actions that can help us create an inclusive work environment. The council is sponsored by our Global Leadership Team and currently consists of 10 colleagues representing the global organisation.

The Council has spent this first year identifying the most important workstreams and has launched its first initiatives across three areas: Recruitment, People Development, and Communication.

Among other, the council has worked with the Talent Attraction Team in People & Culture to ensure a more unbiased recruitment process. This included the testing of an Artificial Intelligence (AI) driven language analysis tool to impact the tonality of job posts with the aim of expanding and diversifying our candidate pool

<sup>2</sup> Senior leaders are part of the company's director+ group, which consists of 76 leaders to the year ending 31 May 2022



## How we define Diversity, Equity and Inclusion

### Diversity

Refers to all the many ways that people differ. However, diversity means more than just acknowledging and/or tolerating difference. It's a set of conscious practices that seek to understand and appreciate the interdependence of humanity, cultures, and the natural environment.

### Equity

Means realising that not everyone needs the same thing and based on that awareness creating fair access, opportunity, and advancement for all those different people. One's identity cannot predict the outcome.

### Inclusion

The extent to which team members, employees, and other people feel a sense of belonging and value within a given organisational setting.

for job openings. This initial analysis will be supplemented with another test in 2022/23 to collect more data to ensure validity. The council has also focused on the people review process from a DEI perspective, including for example unconscious bias

related to the process and training people managers in identifying and addressing these potential biases. This training was available to all people managers across the company.

Lastly, the council ran multiple awareness campaigns with articles, posters and events to create transparency on progress and information on how colleagues across the company can contribute to create a more inclusive work environment. This included marking International Women's Day on the 8<sup>th</sup> of March.

In 2019, a group of female leaders created a leadership mentor network for female employees. The female leadership network now has 17 members, and this year the group re-launched the Women's Mentorship Network. Currently, 29 volunteer female mentors, and 50 mentees are part of the network. On top of this, the network has initiated another initiative consisting of roundtable sessions for female non-leaders in the business to support discussion and development.

### Focus for 2022/23

- Continue to create more transparency of data regarding Diversity, Equity, and Inclusion across the global organisation
- Analyse and review compensation across dimensions and make actions if deemed necessary regarding equal pay for equal work

- Enhance ownership of the Diversity, Equity, and Inclusion agenda across the organisation by connecting DEI targets to functional business reviews and leadership KPIs.
- To ensure better representation of identity groups in senior leadership positions we will enhance recruitment, promotion, and retainment of underrepresented identity groups across business functions



# 49

Number of different nationalities  
at Bang & Olufsen



# People development

## Our approach

Our aim is to have a culture in which people can realise their full potential and where everyone feels empowered to nurture their own development. We measure people, not only on results, but also how they deliver them. We believe that for Bang & Olufsen to be even more successful we need people who feel they can meet their personal aspirations, grow their capabilities, and feel motivated and engaged in their job.

## Performance 2021/22

We measure employee engagement on an ongoing basis. We call our surveys Beopulse, and we conduct them with support from Ennova, an external consultancy firm who are specialists in this field. In 2021/22, we completed three surveys, and this frequent feedback from the organisation, enabled the Global Leadership Team to identify and address issues proactively and continuously with the rest of the organisation.

The employee engagement score reflects an average of the three surveys completed. This year, we had an overall target of reaching an employee engagement score of 75, and we achieved a score of 77. We aim to continue to raise the level of engagement during the next year.

The employee engagement surveys also show a high level of satisfaction with their managers. Perception of managers being able to create a working culture in their

department characterised by trust and openness has increased to an average index score of 83, compared to 76 in 2020/21. Similarly, we have seen an increase in index score from 72 to 79 when employees are asked to assess their manager's ability to provide them with the constructive feedback, they need to do their job well. We are satisfied with the progress and will continue to put emphasis on empowering the people managers to create the culture in which everyone can thrive.

To strengthen and develop skills, we have conducted a series of both virtual and face to face learning sessions in 2021/22 for all colleagues. These sessions included training with people managers to help them have impactful, dialogue-based feedback conversations, and training in virtual facilitation and social media, as well as extensive guidance on all our product releases to increase overall product understanding across functions.

We have a long history of supporting students, trainees, and interns, helping them strengthen their capabilities and knowhow. Over the course of 2021/22, we had a total of 37 interns and 17 trainees. This type of educational placement provides invaluable on-the-job experience to young people as well as building insights for the company across several functions. One of them was Bjarke de Neergaard (see picture on the right), who received the prestigious 'ML Pris', which is a recognition awarded to the best apprentices in Denmark. To be nominated, one must have received



Bjarke de Neergaard receiving the prestigious 'ML Pris'

full marks and the highest possible grade for their work and studies, and Bjarke has done incredible work to achieve this. This is the third time since 2006 that an apprentice from our Factory 5 repair and maintenance team, has won this award.

During 2021/22, 14 of our high potential talents have attended a new leadership development programme, "Leadership Accelerator". The programme is part of our efforts to retain our top talent and to develop leadership capabilities to ensure that stay relevant, competitive and people centric.

## Focus for 2022/23

- Raise the level of employee engagement to a score of 80 for 2022/23
- Activate a new leadership approach focusing on making leadership actionable to support building a more people-centric organisation
- Pilot a new approach to people review based on our new core values
- Enhance the focus on mobility across geographies and across functions to support people development and to utilise new insights and perspectives

# Health and safety

## Our approach

Health, safety, and well-being of our employees are of the utmost importance for us. We are committed to creating a workplace in which employees can perform, develop, and grow while at work, and to achieve that we work with both psychological and psychical safety. We work to prevent work related injuries and ensuring good physical conditions, while we have an equally strong focus on creating a constructive and positive workplace with a strong “speak up” culture to support psychological safety and mental health.

## Performance 2021/22

This year, we were impacted by COVID-19 in all markets. Our primary concern was – and is – the safety of our colleagues and minimising any risk of them being affected by the virus. Secondly, we had to ensure that we could continue to operate the company, while handling local and regional lockdowns, which changed how we worked together across locations.

The whole organisation has handled these challenges amazingly and showed its agility, passion, and determination. We were able to embrace the principles of hybrid and remote work and through strong involvement of leaders and the local Works Council, we implemented new guiding principles for remote working supporting a higher degree of flexibility and clarity.

We are in the middle of our business transformation, while also handling a global pandemic and lockdowns. Workload and stress management have therefore been two important focus areas for us throughout 2021/22. We have frequently monitored feedback in relation to workload and well-being via our engagement surveys, and we have trained our Global Leadership Team to improve their awareness of and ability to prevent stress in their teams.

We reorganised our Health & Safety approach and conducted a global physical and mental health workplace assessment to get more insight into where we can improve. As we continue to grow the company, we want to ensure that we work even more structured and insights-driven with our health and safety matters. A new framework for Health & Safety are now in place with a clear link to the business.

## Focus for 2022/23

- Introduce a new guideline to direct our approach to health, safety and employee wellbeing
- Set minimum standards for occupational health, safety, and employee wellbeing in the workplace
- Produce a safety walk checklist and training to increase the focus on near miss accidents and incidents and support the development of a proactive rather than reactive occupational health and safety culture
- Develop a toolbox for leaders to better manage their employees’ needs and expectations during transformations
- Deliver training programs to raise awareness about mental wellbeing and detecting signals of stress  
Adopt an anti-harassment guideline linked to our company values and to our People & Diversity Policy.



# Social responsibility in the community

We continuously engage with society and our communities to support local initiatives and share knowledge. Our research and development team work on cutting edge research within the fields of audio technology, design, mechanics, and engineering. They collaborate with external partners and engage with leading Danish and international universities in research projects, student exchanges, as well as, the promotion of STEM education to nurture a global talent pool.

Outside of academia and education, we are aware of our responsibility to integrate with and support the local communities where we are present.

## National and international collaborations for research and education

Our commitment to the promotion of STEM (Science, Technology, Engineering, and Mathematics) educations through collaboration with leading technical universities in the field has been ongoing for more than 50 years.

Recently, we and Aalborg University have entered a partnership with the National University of Singapore (NUS), which is a leading global institution for engineering and innovation excellence. The collaboration includes facilitating student exchanges,

and the first two students coming from NUS will join us in Autumn 2022 and do internships at our factory in Struer. To support our longevity focus, two year-long sustainability-related projects also involve students from NUS. One project will focus on raw material selection for reduced environmental impact, while the other project is assessing opportunities for alternative energy sources for our wearable products, including solar and kinetic power sources.

Since 2008, we have hosted an Innovation Summer Camp in partnership with local universities. These camps target engineering and acoustics students at university level. The camp is back this year after being cancelled due to the COVID-19 pandemic and will take place in the summer 2022. It will be run in collaboration with Sound Hub Denmark and will provide 36 students from six universities with three-weeks of ETS credited education on-site at our headquarters in Struer. This year's assignment has a sustainability and longevity focus and will give the students access to knowledge and tools for understanding and assessing product environmental impacts. The overall assignment for the students will be to develop an innovative, long-lasting audio product incorporating a life-cycle assessment.

At the same time, the camp will be our first experience testing an ambition to establish a residential college in

Struer. The purpose is to ensure continued interactions with study programmes of key importance to drive research and recruitment and to further develop our capabilities to remain at the forefront of the audio industry and circularity educations to future generations in Denmark and globally.

According to research by the group Circle Economy, the EU will experience a skills gap from the shift to a low carbon economy impacting 18 million workers who will need upskilling or reskilling in order to participate in the 'circular economy fit for the future'<sup>3</sup>. 'In comparison 70% of young people believe they only have some of the skills they need to succeed'. Attention is needed to provide workers and new entrants to the market with the necessary skills for the available jobs, or societies risk that workers are left behind and companies cannot find the skills needed to deliver demanded services to achieve climate and environmental goals. As part of our commitment to encourage young people to train for such jobs, our Factory 3 team, who are responsible for service and repair has established a partnership with the school of Mercantec in Viborg to promote education in electronics and maintenance. These jobs will be of critical importance for the successful transition of Europe to a circular economic model.

## Collaboration on innovation: IoT-based superior audio experience

Take a walk and imagine your favourite tune reaching your ears in a superior sound quality, although your device may not provide the best capabilities in that perspective. Or the same situation if you're in noisy place. This ideal situation may not be so far away to become real life. We are part of the SOUNDS European Training Network (ETN) which works to develop Service-Oriented, Ubiquitous, Network-Driven Sound based on network-enabled cooperation between devices. This will improve the quality of conversations and sound in difficult audio situations. With Internet-of-Things (IoT), audio devices can connect and create ad-hoc networks (connectivity) and SOUNDS ETN aims to take a step further and create - among other things - an audio experience beyond possible today by adding a layer of software where audio devices can cooperate and thereby eliminate that audio quality depends on a limited functionality on a single device.

<sup>3</sup> Circle Economy (2021) CLOSING THE SKILLS GAP: VOCATIONAL EDUCATION AND TRAINING FOR THE CIRCULAR ECONOMY  
<https://www.circle-economy.com/resources/closing-the-skills-gap-vocational-education-and-training-for-the-circular-economy>



## Interactive Sound for Better Living

Two different TV shows on displays in the same room and you only hear the sound from the one you are interested in. Or you are hospitalised and share a room with more patients, but you can still have a confidential conversation with the doctor. Those are some of the scenarios that we are currently testing in collaboration with our partners in the ISOBEL (Interactive Sound for Better Living) project, which started in 2020/21. The project is focused on developing systems for private homes and hospitals to reduce unwanted noise and to create more sound zones in one room to allow for e.g., privacy and calm. The systems are also being tested in for example sensory delivery rooms as research shows that use of appropriate sound reduces number of births by caesarean section and the use of anaesthesia.

## Gender Diversity in STEM education

Each year, we participate in the Danish nationwide campaign 'Girls Day in Science'. The purpose is to inspire young female students to consider studies within the field of STEM. This year we hosted two

groups of senior students from local high schools in the Struer and Holstebro area at the Bang & Olufsen campus. The students met with female specialists who gave them an introduction to scientific career paths in the company and they had a guided tour to Factory 5.

## Encouraging entrepreneurship and innovation

We continued our engagement in Sound Hub Denmark, whose purpose is to support small businesses and start-ups accelerate their business in a professional co-working environment with access to sound, craft, and test facilities as well as highly specialised skills from industry leaders and institutions. Furthermore, we played an active role in the Danish Sound Cluster, that was established in 2020 and where the entire sound industry is present to exchange knowledge, research and competences are exchanged.

## Giving back to the local community

As the largest employer in Struer, we prioritise taking an active part in local events and collaborate with the municipality and other local partners. In 2021/22, this included sponsoring, among others, of 'Run to the Beat', an international running event with participation of approximately 3,500 people and sponsoring of the international biennial of sound art called 'Struer Tracks', in August 2021.

Over the course of the year, we also gave back to society through charitable donations including DKK 200,000 from the company and employees to the Danish branch

of the Red Cross to support the people of Ukraine. Finally, in December we donated a recreated Beogram 4000c to be auctioned in support of the Danish charity Mødrehjælpen for their Christmas fundraising campaign. Christmas aid from Mødrehjælpen provides financial help to under-privileged families. The Beogram raised DKK 200,000.

## Focus for 2022/23

- Ensure successful delivery of the 2022 Innovation Summer Camp in Struer in collaboration with several Danish universities



- Continue to drive progress on the ISOBEL project (Interactive Sound for Better Living)
- Pursue the ambition to establish a residential college in Struer for better geographical distribution of STEM education in Denmark





# Governance and integrity

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# Ethical business

While our business has evolved over the past 97 years, we have been unwavering in our commitment to the highest level of business ethics and integrity. As a Danish company with a global footprint, we understand our responsibility to operate within the boundaries of the law, and we aspire to even higher standards in our policies and guidelines which are formed by our internal values and international commitments.

## Our approach

We are committed to the Fundamental Conventions of the International Labor Organization, ILO, and as a signatory of the UN Global Compact, we have worked with its 10 principles for the protection and advancement of human rights, fair labour conditions, environmental protection, and anti-corruption over many years.

Our Global Compliance Officer is tasked with ensuring that we live up to these commitments through the Bang & Olufsen Global Compliance Programme. The governance of the global compliance program is anchored in both the Board of Directors and in the business through established lines of reporting. The Global Compliance Officer is designated to continuously develop the compliance program with the assistance and advice of a Compliance Committee. Meeting quarterly, and representing key internal

stakeholders, the committee acts as an advisory function providing assistance and guidance to ensure that Bang & Olufsen operates in accordance with regulatory and ethical business standards. The compliance programme's progress is reported quarterly to the Board of Directors' Audit Committee.

Our five global policies are accessible to all employees and external third parties. The policies are updated once per year and in 2021/22 the updates included wording on strengthening our commitment to human rights. The Business Conduct & Ethics Policy stipulates the key ethics principles under which our company operates. All colleagues are required to know and understand the principles and policies in our organisation, including our policies for people & diversity, business conduct and ethics, tax, and remuneration, as well as stakeholders and sustainability. These policies are reviewed annually by

the Board of Directors or one of its committees and is owned by a member of the Global Leadership Team.

To underline our commitment to these principles and practices, as well as to increase transparency for our stakeholders, these policies, as well as our ESG Factbook, which details our most important environmental, social and governance KPIs, are all available on our corporate website.

## New policies

An official approach to Data Ethics was introduced in 21/22, incorporated into our business conduct and ethics policy, detailing our work in ensuring a high level of ethics in our treatment of data and to, for example, avoid algorithms being biased.

Our new Tax Policy will be published in 22/23 and includes our acknowledgment of taxes being an

**"At Bang & Olufsen, we are unwavering in our commitment to the highest level of business ethics and integrity."**

important contribution to the societies we operate in. Aligned with our social responsibility we take pride in acting in compliance with tax laws and ensure that profits are allocated based on business-driven activities, hence taxed where the value is created.

## Awareness & Knowledge Building

To ensure high awareness of our commitment to business ethics and integrity amongst all Bang & Olufsen colleagues, several initiatives were undertaken throughout the year. Where we take a top-down approach for building awareness and understanding on these issues, we call this setting the *Tone from the Top*. As part of these initiatives, we used our CEO's weekly email to the whole organisation to spotlight both International Anti-Corruption Day in December and International Data Privacy Day in January. We pair the top-down activities with bottom-up actions including internal articles and signage dedicated to highlight the



importance of these days, tips for colleagues on these topics, including creating engaging peer generated content such as a data privacy video highlighting the importance of safeguarding our employees' and customers' personal data. That video became the 4<sup>th</sup> most watched internally produced video of the year.

A dedicated repository of all policies and guidelines is available to all employees, and with an average of 810 visits every month out of a total of approximately 1,113 employees, this indicates that employees actively seek guidance when it is needed.

In some areas, colleagues are required to take a mandatory training to maintain awareness and increase knowledge on important topics. This includes data privacy and cybersecurity and ethics and compliance. In 2021/22, 96% of all assigned employees completed the annual e-learning in the Business Conduct & Ethics Policy, and as part of the recruitment process all new employees are to complete the e-learning. An additional 36% of employees received focused in-class training within various compliance topics. In May 2022, a new mandatory data privacy and cyber security e-learning training course was launched for all employees addressing the topics of cybersecurity in relation to the war in Ukraine and other emerging cybersecurity issues.

### Third Party Due Diligence

Responsible supply chain relationships are becoming an increasingly important part of our business as we work with a wide range of partners to develop, produce, and bring our products to the customers. We actively engage with partners along the value chain to ensure that we are working with partners who share our values. Before engaging with new partners, we undertake a due diligence assessment. 2021/22 was the second year of operating under a new due diligence process where we target high-risk commercial partners, and this year 21 new partners were subject to due diligence screening. Through this screening, 31 red flags were identified, and all were resolved.

### Speak Up Culture – BeoShare

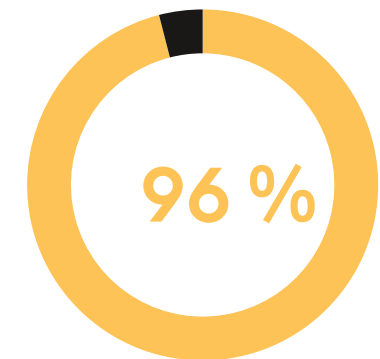
We continue to strengthen our speak-up culture. Under the headline BeoShare, we encourage colleagues to discuss concerns with managers or support functions.

We have an online reporting tool, which offers additional safeguards such as the possibility for full anonymity. This is also available to external stakeholders. We regularly inform about this tool through different channels to create awareness and underline the importance of our speak-up culture. We adhere to a strict no-retaliation policy. To assess the efficiency of our speak-up culture, we operate with targets, including a target of one BeoShare case per 100 employees. Working with targets, reporting and

investigation data allows us to see patterns, which can help us improve. This year, we met that target with 12 cases being reported in 2021/22. The cases represented a wide range of topics such as minor policy violations, conflict of interest, HR-related matters, and fraud. However, none of the cases were confirmed cases of bribery. This indicates that we have good speak-up culture where issues and concerns are shared.

### Focus for 2022/23

- In the coming year, we will continue to strengthen the policies and processes available to support our employees upholding high levels of integrity during their work
- We will also continue to engage with the organisation to ensure there is up to date knowledge and high awareness of the different topics covered by the Business Conduct and Ethics Policy
- We have also set a target to increase the face-to-face training for senior management in our GLT on compliance and ethics topics to ensure 100% coverage of all senior leaders annually to further strengthen and align the 'Tone from the top' and we will look to consolidate our oversight platforms to improve the management of global data privacy compliance and due diligence of third parties



of all required employees completed business conduct and ethics training in 2021/22

# Sustainable supply chain & responsible sourcing

## Our approach

We have a partner-based business. We collaborate with skilled and innovative suppliers across the world, sourcing everything from electronic components and packaging elements to leather and recycled plastics for our products. A key enabler for our success is about maintaining and developing supply chain relationships in a responsible way.

## Proactive up- and down-stream risk management

We continuously monitor global supply chain risks through an advanced it-system. The system captures geo-, country-, and company- risks across five different risk categories. Data is collected from a selection of reputable sources, as well as from web intelligence and is linked to ESG risk issues such as corruption, regulation, environment, occupational health and safety etc.

Using this system, we look at both up- and downstream, covering both our suppliers and distributors. In this way we can work to mitigate risk to our brand and reputation by actively engaging with our stakeholders, if or when a risk is flagged in our system.

## Supplier engagement & oversight

We only work with suppliers who share our commitment to quality and ethical behaviour. As of 31 May 2022, we work with 85 different suppliers in 14 countries to produce and deliver our products. The top seven suppliers accounts for 96% of product-related

spend. The numbers in the chart reflect the country of the supplier's production, not necessarily the headquarter of the supplier. A list of our top suppliers, as of 31 May 2022, can be found on our website.

We are committed to a framework of principles and policies that includes respect for universally recognized standards for protection of human rights, labour conditions, the environment, and anti-corruption, as outlined in the 10 principles of UN Global Compact.

We engage with our supply chain and partners to ensure certain minimum standards for labour conditions and freedom of association according to the UN Global Compact and drive continuous improvements to ensure that all our suppliers operate in compliance with the requirements. These requirements and ambitions are captured in our Supplier Code of Conduct, which is available on our website [here](#).

Our Supplier Code of Conduct and our Business Conduct & Ethics Policy (available [here](#)) are governed by our Compliance Committee. The committee is also responsible for engaging with our suppliers in a structured and constructive way to reduce risk and improve standards in the supply chain. We take a risk-based, three step approach to managing our product related supply chain partners which is detailed below.

### Product-related suppliers; production sites

85

in total

48

in Denmark

25

Europe

10

Asia

2

US



We assess that product related spend is associated with potentially higher ESG risks compared to non-product related spend. The latter relates to professional services or other advisory support that are deemed low risk and often from smaller vendors or vendors we do not engage with more than once.

Approximately 60% of our product related spend is classified as high risk, and of this we aim to audit 100% every two years. As of 31 May 2022, there have been independent on-site audits at locations accounting for 98.6% of our product related spend for the previous two years. Of the suppliers audited in 2021/22, working conditions related to overtime hours was the main non-conformity found. We are working with our suppliers to develop a corrective action plan to remedy all issues.

#### **The supplier risk management process**

##### **Phase 1 Assess relative risk**

Supplier risk is evaluated through a matrix that looks at potential business impact as measured by commercial relevance of the supplier and the proximity to our brand, against the risk of non-compliance with the Code of Conduct requirements.

##### **Phase 2 Take mitigating actions to reduce risk**

- a. All suppliers categorised as low risk are required to sign our Supplier Code of Conduct.

- b. Suppliers which are categorised as medium risk must furthermore complete a supplier self-assessment.
- c. While suppliers that are deemed high risk are required to undergo periodic on-site audits at the plant where they manufacture components or products for Bang & Olufsen by 3rd party auditors. These audits are conducted by UL according to their Responsible Sourcing Workplace Assessment, RSWA, standard.

##### **Phase 3 Continuous improvement and corrective actions**

In the event of non-compliances being identified during an audit, a corrective action plan is devised in collaboration with the supplier, and the actions agreed are to be addressed sufficiently by the supplier and closed within three months. We monitor this on a quarterly basis at our business review meetings and any deviations are recorded. There is ongoing monitoring and oversight of these activities by our compliance committee.

##### **Modern Slavery**

We have a zero-tolerance view of slavery and human trafficking, and we expect the same from all our suppliers. Our statement for Slavery and Human Trafficking in accordance with the Modern Slavery Act 2015 can be read [here](#).





## Performance for 2021/22

During 2021/22, we saw strong progress in our work with sustainable supply chain and responsible sourcing.

### Human Rights Due Diligence Assessment

As part of the cradle-to-cradle certification process for Beosound Level, we undertook our first human rights due diligence assessment. The assessment covered our own operations, 95% of our direct suppliers (according to spend), and other stakeholders like local communities in the supply chain and other potentially affected groups.

The assessment identified seven risk items, which were occupational health & safety, working conditions, labour standards, freedom of association, discrimination and harassment, stakeholder engagement and anti-corruption, money laundering and financial crime. Based on an assessment of the underlying indicators for each risk, an overall risk assessment was completed, which included likelihood of occurrence and severity of potential impact. As a result, we increased our understanding of the impact of our business and what actions to take to mitigate risks within several areas. Although no significant issues were revealed, we continue to work with the assessment's outcome.

### Transparency on critical materials

A key focus in 2021/22 was to document the impact our most used product materials. This included an analysis of the origin of the materials, manufacturing processes, use, the ESG profile of the suppliers, and identifying alternative lower impact materials that can provide our customers with the same – or even better – experience than today. The work has resulted in an updated approach to materials sourcing that supports our commitment to creating better customer experience and more sustainable products with a focus on longevity, circularity, and high standards of ethical sourcing.

### Policies for responsible sourcing

In the fiscal year, we introduced several guidelines to help direct our approach to materials in more sustainable direction, including sourcing. These include

- The **animal welfare guideline** which sets minimum standards for animal welfare in relation to animal hide used in our products,
- the **environmental guideline**, which describes how we work to optimise the use of natural resources and focus on preventing or controlling risks relating to the environment
- the **materials principles for bespoke products**, which covers different environmental, social, and

governance concerns for materials used in our Bespoke products.

### Training for anti-corruption measures

We have rolled-out a training programme on procurement processes to all employees. This focuses on ensuring that spending company money is done in line with our policy, strategic priorities and in a way that has clear oversight and approvals. This is important from a governance and anti-corruption standpoint.

### UN Global Compact

This year, we became a signatory to the UN Global Compact. It is the world's largest corporate responsibility initiative and while we have been aligning with the 10 principles for many years, we wished to demonstrate our commitment by becoming a signatory.

### The war in Ukraine

We closely follow the war in Ukraine, and we stand with the international community in opposing Russia's invasion. When the war broke out, we immediately stopped all sales and shipments to retail partners in Russia and Belarus, and we have terminated their contracts. We also closed our e-commerce site and store locator in Belarus and Russia. With our swift actions, we were able to be ahead of the sanctions on luxury products that was imposed by the EU and US on March 15, 2022.

We still have a retail business partner in Ukraine, and since the war began, we have been in close contact with him on how we can support him and his family. We continue to monitor the situation, support our local business partner, and communicate our approach and stance to all stakeholders.

### Focus for 2022/23

- Act on the recommendations of the human rights' due diligence report; for example, by monitoring health and safety incidents, working hours, wages, and general labour standards for contract workers across our locations
- Continue our important work on materials, including exploring how we can improve incrementally on the sourcing side, for example, through collaboration with industry on standards and traceability or through certification
- Work with our high-risk supply chain partners to investigate non-conformities in their 3rd party audits, e.g., in relation to working conditions and overtime
- Develop a circular and sustainable procurement guideline for all procurement colleagues to better enable them to support the organization towards a circular and regenerative economy

# Risk management & policies

We are committed to ensuring that the entire value chain is considered when evaluating the potential risks related to our operations. Risks are assessed on a periodic basis through our corporate enterprise risk management process. Our ESG and sustainability related risks are captured through this process. Actions are taken to define, quantify, and mitigate identified risks. For more information on our enterprise risk management process and key risks, please refer to our Annual Report.

ESG and sustainability risks identified at Bang & Olufsen include:

RISK IDENTIFIED	HOW WE MANAGE THIS RISK	MITIGATING ACTIONS TAKEN IN 2021/22
<b>Climate action</b> Inability to achieve our targets to reduce environmental and climate impact	At Bang & Olufsen we are committed to minimising the adverse impact on the environment from our operations. This includes working to reduce the greenhouse gas emissions of our operations and products by managing energy consumption, energy efficiency, and energy sourcing. These commitments are captured in the following corporate policies, as well as international commitments we have made: <ul style="list-style-type: none"> <li>– Stakeholder and Sustainability Policy</li> <li>– Bang &amp; Olufsen Fleet Policy</li> <li>– Science Based Targets initiative commitment</li> </ul>	<ul style="list-style-type: none"> <li>– Committed to science-based climate action aligned to the 1.5°C scenario by joining the SBTi initiative and Race to Zero campaign</li> <li>– Set in motion plans to move away from fossil fuels in our manufacturing and source renewable electricity in 2022/23 for our Danish operations</li> <li>– Updating our fleet guideline to allow only electric vehicles by 2024/25</li> </ul>
<b>ESG and sustainability performance and progress</b> Inability to demonstrate progress	At Bang & Olufsen, we are committed to conduct our business in a responsible and transparent manner. We believe that the integration of ethical, social, and environmental perspectives is prerequisite for running a sustainable business, and so we work actively with the ESG agenda. These commitments are captured in the following: <ul style="list-style-type: none"> <li>– Stakeholder and Sustainability Policy</li> <li>– ESG Factbook</li> <li>– Sustainability Reports from previous years</li> </ul>	<ul style="list-style-type: none"> <li>– Published an ESG factbook for greater transparency</li> <li>– Defined a new ESG and sustainability strategy and targets</li> <li>– Received limited assurance from an external auditor on our important 2021/22 environmental KPIs</li> </ul>
<b>The protection of human rights in the supply chain</b> Inability to ensure protection of human rights in our supply chain	At Bang & Olufsen, we are committed to a framework of principles and policies which includes respect for universally recognized standards for the protection of human rights and labour conditions, as guided by the eight Fundamental Conventions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights, as well as the International Bill of Human Rights. We also commit to respect human rights, and labour-rights as mandated by local laws. These commitments are captured in the following corporate policies and statements which are available on our corporate website: <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Slavery and Human Trafficking statement</li> <li>– Stakeholder and Sustainability Policy</li> </ul>	<ul style="list-style-type: none"> <li>– We conducted a human rights due diligence assessment for our organisation and supply chain</li> <li>– We increased the frequency of high-risk supplier on-site auditing from every three years to every two years</li> <li>– We became an official signatory of the UN Global Compact principles for corporate responsibility</li> </ul>

# The EU taxonomy

**What is the EU taxonomy and why is it important?**

The EU taxonomy is a classification system that defines which financial activities make substantial contributions to the European Green Deal objective to make Europe the first carbon neutral continent by 2050. The EU taxonomy will help create security for investors, protect stakeholders from greenwashing, improve transparency, and help companies plan for the green transition.

From 1 January 2022, all providers of financial products, large companies, and listed firms in the EU had to report which activities comply with the taxonomy’s criteria, disclosing EU taxonomy-eligible share of turnover, capital expenditure aligned with the EU taxonomy, and the operating expenses aligned with the EU taxonomy.

As a listed company with more than 500 employees, we are obliged to report under the EU taxonomy, and we welcome the initiative to increase the flow of capital towards projects and activities that contribute to sustainable development. We see the taxonomy as an opportunity to understand more about our business operations from a sustainability viewpoint, and how we can use the taxonomy to deliver a more sustainable economy for us all.

Notes: \* Do no significant harm means ‘not supporting or carrying out economic activities that do significant harm to any environmental objective , including climate change adaptation , climate change mitigation , sustainable use & protection of water & marine resource , circular economy , pollution prevention and control , or protection and restoration of biodiversity & ecosystems. Sources: ‘Do no significant harm’ Technical Guidance by the Commission (2018) [https://ec.europa.eu/info/sites/default/files/2021\\_02\\_18\\_epc\\_do\\_not\\_significant\\_harm\\_-\\_technical\\_guidance\\_by\\_the\\_commission.pdf](https://ec.europa.eu/info/sites/default/files/2021_02_18_epc_do_not_significant_harm_-_technical_guidance_by_the_commission.pdf); [https://knowledge4policy.ec.europa.eu/glossary-item/do-no-significant-harm\\_en](https://knowledge4policy.ec.europa.eu/glossary-item/do-no-significant-harm_en);

**How we approached assessing our operations according to the taxonomy**

For a financial activity to be deemed sustainable, it must meet three performance criteria:

- 6. Substantially contribute to at least one of the six environmental objectives as defined in the Regulation
- 7. Do no significant harm\* to any of the other five environmental objectives as defined in the proposed Regulation
- 8. Comply with minimum safeguards

In the process of identifying our taxonomy-aligned activities, we concluded that the activity, installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings has been implemented in Bang & Olufsen’s headquarters in Struer and it is therefore a relevant maintenance cost.

As the cost incurred for this activity is less than 0.5% of our operating expenses in 2021/22, we have determined that we have no costs or revenues that are taxonomy eligible.



Activity Category in EU Taxonomy	Turnover	OpEx	Capex
Percentage of eligible EU Taxonomy activities	-	-	-
Percentage of non-eligible EU Taxonomy activities	100	100	100





# Data

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# Review of 2021/22 progress

Our performance against our 2021/22 strategic ambitions, as outlined in last year's Sustainability Report, are shown below

	AMBITION / ACTIVITY	RESULTS 2021/22
<b>Environmental impact</b>	Continue to work to minimize greenhouse gas footprint in buildings and own logistic system through targeted initiatives	Partly accomplished <sup>^</sup>
	Determine the company's greenhouse gas footprint according to the greenhouse gas protocol (scope 1-3) and set target for becoming climate neutral	Partly accomplished <sup>^^</sup>
	Expand longevity and circularity product programmes to support the company's commitment to create more sustainable products and increase transparency across the value chain	Accomplished
<b>Responsible employer</b>	Increase focus on good employee experiences	Accomplished
	Establish a Diversity, Equity & Inclusion Council	Accomplished
	Ensure a fair, non-biased recruitment process with the right composition of gender, age, cultural background, and competencies	Accomplished

Note:

<sup>^</sup>We continued our work to minimise emission and implemented initiatives . But we saw an increase in emissions due to higher activity levels . Therefore , target is only partly accomplished

<sup>^^</sup> Scope 1 and 2 reported; Scope 3 partly complete . Therefore , target only partly accomplished .

	AMBITION / ACTIVITY	RESULTS 2021/22
<b>Role in society</b>	Develop partnership with Sound Hub Denmark and Danish Sound Cluster to support innovators and development of STEM educations	Accomplished
	Maintain a focus on community engagement and stakeholder dialogue, including supporting STEM educations	Accomplished
	Continue the efforts to explore the impact of sound on people's health and well-being through research programmes	Accomplished
<b>Responsible employer</b>	Include relevant ESG statements in Business Conduct & Ethics Policy and People & Diversity Policy and set relevant compliance metrics	Accomplished
	Continue work with embedding compliance even more into our day-to-day operations and implement structured training programmes	Accomplished
	Report on internal speak-up setup (whistle-blower programme)	Accomplished

# Data tables

## Environmental data

	Unit	2021/22	% share of total
<b>Energy consumption*</b>			
Electricity	MWh	8,659	42
Natural Gas	MWh	3,548	17
District heating	MWh	6,396	31
Vehicle Fuel (Petrol)	MWh	1,483	7
Vehicle Fuel (Diesel)	MWh	756	4
<b>Total</b>	<b>MWh</b>	<b>20,843</b>	<b>100</b>
<b>Greenhouse Gas (GHG) Emissions</b>			
Scope 1*	tCO <sub>2</sub> e	1,068	22
Scope 2 (location based)*	tCO <sub>2</sub> e	2,038	-
Scope 2 (market based)*	tCO <sub>2</sub> e	3,751	78
Scope 3	tCO <sub>2</sub> e	8,001	-
<b>Total (Scope 1 &amp; 2 market based)*</b>	<b>tCO<sub>2</sub>e</b>	<b>4,819</b>	<b>100</b>
Emissions per million revenue DKK*	tCO <sub>2</sub> e/mDKK	1.6	-
Emissions per employee*	tCO <sub>2</sub> e/headcount	4.3	-
<b>Resource use</b>			
	Unit	2021/22	2020/21
Waste generated	tonnes	820	615
Waste per million revenue DKK	tonnes/mDKK	0.28	0.24
Water use	m3	31,325	24,910
Water use per million revenue DKK	m3/mDKK	10.6	9.6

Notes: Energy and emissions data for Scope 1 and 2 refer to our operational boundaries. The data marked with an \* has been tested and reviewed by our external auditor and has received limited assurance. Please refer to our assurance statement on page 48 of this report. Scope 3 relates to emissions generated by our logistics footprint and in our partners warehouses. The water and waste data covers our headquarter office and manufacturing sites in Denmark only. Employee related data is shown as Headcount as per May 31st 2022. For detailed information on the calculation methodologies and operational boundaries of the data shown, please refer to our ESG & sustainability Data Accounting Principles which are available on our website at <https://corporate.bang-olufsen.com/en/sustainability/policy>. The accompanying GRI Index for the entire report is also available there.

## Social data

	Unit	2021/22	2020/21
<b>Employees</b>			
Female	Number	399	346
Male	Number	714	656
<b>Total</b>	<b>Number</b>	<b>1,113</b>	<b>1,002</b>
Female	%	36	35
Male	%	64	65
<b>Employee category</b>			
Manager (Female)	Number	29	25
Manager (Male)	Number	115	86
Non-manager (Female)	Number	370	321
Non-manager (Male)	Number	599	570
Manager (Female)	%	7	7
Manager (Male)	%	16	13
Non-manager (Female)	%	93	93
Non-manager (Male)	%	84	87
<b>Women in Management</b>			
Female leaders (Director +)	Number	15	11
Female leaders (Director +)	%	20	18



## Social data

	Unit	2021/22	2020/21
<b>Employment types</b>			
Full-time contracts (Female)	Number	357	315
Full-time contract (Male)	Number	689	625
Part-time contract (Female)	Number	42	31
Part-time contract (Male)	Number	25	31
Full-time contracts (Female)	%	89	91
Full-time contract (Male)	%	97	95
Part-time contract (Female)	%	11	9
Part-time contract (Male)	%	4	5
Permanent contracts (Female)	Number	299	259
Permanent contracts (Male)	Number	591	533
Temporary contracts (Female)	Number	100	87
Temporary contracts (Male)	Number	123	123
Permanent contracts (Female)	%	75	75
Permanent contracts (Male)	%	83	81
Temporary contracts (Female)	%	25	25
Temporary contracts (Male)	%	17	19

## Social data

	Unit	2021/22	2020/21
<b>Employee performance review</b>			
Manager / Supervisors appraised (Female)	%	97	92
Manager / Supervisors appraised (Male)	%	91	91
Non-management appraised (Female)	%	69	63
Non-management appraised (Male)	%	59	61
<b>Employee age group</b>			
Under 30 years old	Number	221	171
Between 30 - 50 years old	Number	569	514
Above 50 years old	Number	323	317
Under 30 years old	%	20	17
Between 30 - 50 years old	%	51	51
Above 50 years old	%	29	32
<b>Overview</b>			
Employees covered by a collective agreement	%	42	42
Number of different nationalities at B&O	Number	49	46
Age of oldest employee	Years	73	78
Age of youngest employee	Years	18	18
Tenure of longest serving employee	Years	53	52
% of employees with more than 10 years at B&O	%	30	33
% of employees with more than 20 years at B&O	%	18	20
% of employees with more than 30 years at B&O	%	10	11

## Social data

	Unit	2021/22	2020/21
<b>Training - Employees &amp; Partners</b>			
% of employees trained on ESG topics	%	96	-
% of partner employees trained on ESG topics	%	74	-
<b>Board of Directors , Gender Representation</b>			
Members	Number	10	10
Employee elected members	Number	4	4
Female (shareholder elected)	%	33	33
Male (shareholder elected)	%	67	67
<b>Occupational Health &amp; Safety</b>			
Fatalities	Number	0	0
Days of absence	Number	7	69
Injuries without lost time	Number	12	11
Injuries with lost time	Number	2	7
<b>Total Injuries</b>	Number	14	18
Rate of work-related injuries (per 200 , 000 hours)	%	0.28	1.13

## Governance data

	Unit	FY 2021/22	FY 2020/21
' High risk ' supplier spend audited	%	99	97
Critical non-conformities with Supplier Code of Conduct	Number	0	1
BeoShare (whistle-blower) cases	Number	12	8

# Assurance statement

## Auditor's Independent Assurance Report

### To the Management and broader stakeholders of Bang & Olufsen a/s

We have reviewed the 'ESG and Sustainability Report 2021/22' ('the Report'), which covers Bang & Olufsen A/S' ('B&O') global activities from 1 June 2021 to 31 May 2022, to provide limited assurance that the following environmental data presented on page 45 of the Report and marked by \* have been stated in accordance with the criteria defined by the accounting principles described: Energy consumption comprising electricity, natural gas, district heating, vehicle fuel (petrol and diesel); scope 1 greenhouse gas (GHG) emissions; scope 2 GHG emissions (market-based and location-based); consolidated total scope 1 and scope 2 emissions (market-based); GHG emissions per million revenue DKK; and GHG emissions per employee. We have also confirmed that the Report has been prepared in accordance with the principles and reporting criteria defined by the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

### Management's responsibility

The Management of B&O is responsible for collecting, analysing, aggregating, and presenting the information in the Report, ensuring that the Report is free from material misstatement, whether due to fraud or error. B&O's accounting principles contain Management's defined reporting scope for each data type. The accounting principles can be found in the 'Bang & Olufsen ESG and sustainability data accounting principles at <https://corporate.bang-olufsen.com/en/sustainability/policy>.

### Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements (as amended), and additional requirements under Danish audit regulations to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion, and we have – among other things – performed the following procedures:

- Obtaining an understanding of what is material to B&O for reporting purposes and determining a threshold of materiality of misstatement for the different types of information;
- Conducting interviews with management representatives, key functions and data owners;
- Reviewing the data, making enquiries into a selection of calculations and aggregated numbers and obtaining supporting documentation;
- Assessing processes, tools, systems and controls for gathering, consolidating and aggregating applicable data;
- Testing procedures and methods deployed to ensure that the reported data are stated in accordance with the accounting principles;
- Performing analytical review procedures on a sample basis and testing the data to underlying documentation;
- Evaluating the reliability and validity of underlying sources.

We have not interviewed external stakeholders.



Conclusion

Based on our work, nothing has come to our attention that causes us not to believe that, in all material respects, the following environmental data presented on page 45 of the Report and marked by \* have been stated in accordance with the criteria defined by the accounting principles described: Energy consumption comprising electricity, natural gas, district heating, vehicle fuel (petrol and diesel); scope 1 greenhouse gas (GHG) emissions; scope 2 GHG emissions (market-based and location-based); consolidated total scope 1 and scope 2 emissions (market-based); GHG emissions per million revenue DKK; and GHG emissions per employee. We also confirm that the Report has been prepared in accordance with the principles and reporting criteria defined by the GRI Sustainability Reporting Standards (Core level).

Copenhagen, 6 July 2022

Deloitte  
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Kim Takata Mücke  
State-Authorised Public Accountant  
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Helena Barton  
Lead Reviewer



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