



# CSR REPORT 2017/18

BANG & OLUFSEN

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## ABOUT THIS REPORT

This report provides a status on Bang & Olufsen's work on Corporate Social Responsibility (CSR) for the financial year of 2017/2018 in compliance with the reporting requirements set out in section 99a of the Danish Financial Statements Act (Årsregnskabsloven). The intention is for the report to provide insight and understanding into the scope of Bang & Olufsen's CSR work, and how these activities form an integral part of the day-to-day business of the company.



# LETTER FROM THE CEO

CSR forms an integral part of our business at Bang & Olufsen. We believe that businesses acting in a responsibly create more long-term value for their stakeholders, and we work closely with all of our stakeholders to stay focused on CSR in our day-to-day work.

In 2017/18, we launched several new initiatives and made further progress in our efforts to minimise the climate and environmental impact of the company. We reduced the carbon footprint in our facilities and with the launch of BeoCreate, an open source product that enables customers to upcycle vintage speakers to wireless technology, we started to advance more circular economy principles.

Building on our capabilities within sound, we also explored new partnerships to help improve quality of life through music for people suffering from Alzheimer's disease and dementia. In the future, we will step up our efforts to use our core capabilities of sound, design and craftsmanship to the benefit of society.



“We want to strengthen our positive impact on society even further and ensure that we build a strong CSR culture across our company.”

**Henrik Clausen**  
President & CEO

We did not manage to reduce the accidents frequency or the number of long-term illness caused by psychological work environment. This is unsatisfying, and it is our ambition to improve that next year through a focused effort.

Bang & Olufsen has a solid foundation but, as we continue to grow our business, we want to strengthen our positive impact on society even further and ensure that we build a strong CSR culture across our company. That ambition is reflected in our updated CSR strategy.

To develop the strategy, we have sounded out stakeholders' expectations of us as a global luxury-lifestyle brand and assessed the impact of our business. The result is a new coherent framework for CSR at Bang & Olufsen that is rooted in our company's values, purpose and brand, and guided by the 17 United Nations Sustainable Development Goals. Going forward, we intend to increase the positive impact - while minimising the adverse impact - Bang & Olufsen has on society.

The updated CSR strategy will run until 2021 and have the following focus areas: Environmental Impact, Responsible Employer, Role in Society and Responsible Partner. This report provides an overview of our CSR achievements in 2017/18 as well as an outline of the updated CSR strategy and targets for next year.

**Henrik Clausen**  
CEO

# ABOUT BANG & OLUFSEN

Bang & Olufsen is a global luxury-lifestyle brand founded in 1925 in Struer, Denmark by Peter Bang and Svend Olufsen whose devotion and vision remains the foundation for the company.

The rich heritage built around the relentless determination to create products that push the boundaries of audio technology continues to place the company at the forefront of audio innovation. Today, every Bang & Olufsen product is still characterised by the unique combination of beautiful sound, timeless design, and unrivalled craftsmanship.

The company's innovative and progressive audio products are sold worldwide in Bang & Olufsen monobrand stores, online and in multibranded stores. The company employs around 1,000 people and operates in more than 70 markets and Bang & Olufsen's shares are listed on NASDAQ Copenhagen A/S.



# CSR AT BANG & OLUFSEN

At Bang & Olufsen, CSR is valued as a fundamental element and a key driver for achieving results in a sustainable way. The company recognises that as the business expands with new partners and growing markets, maintaining a strong focus on CSR becomes increasingly important.

Bang & Olufsen recognises the UN Global Compact and the ILO declaration regarding human rights, labour rights, environment and anti-corruption. Consequently, the company has structured its CSR efforts, including its CSR policy, in accordance with the UN Global Compact guidelines.

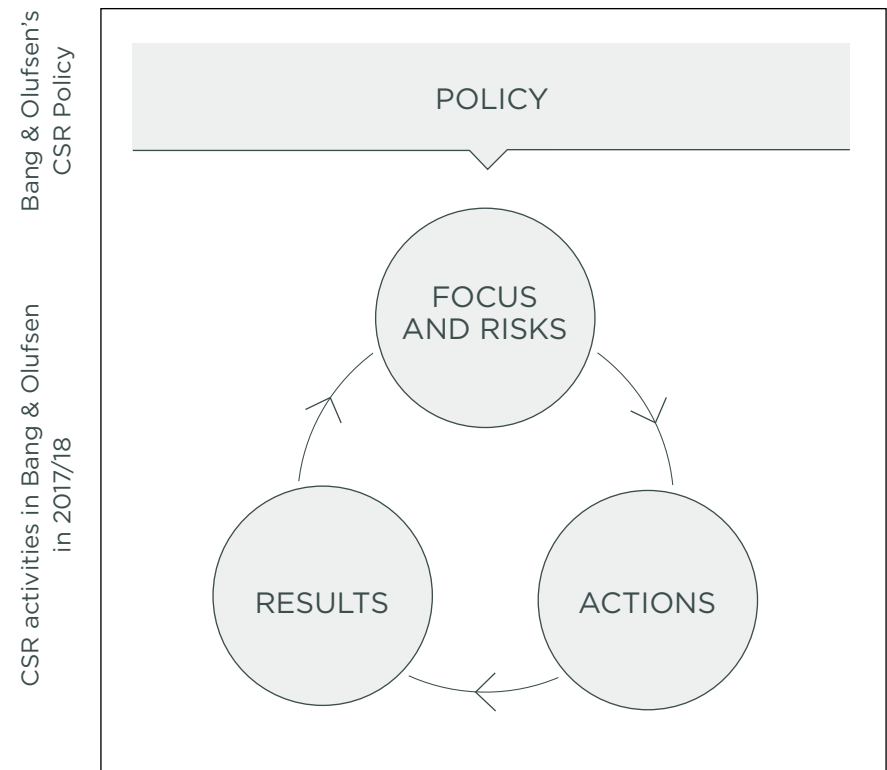
Bang & Olufsen believes in a results-oriented and pragmatic CSR approach, where CSR activities form an integral part of the way of thinking and way of working, and consequently, the company works with CSR systematically and within the framework of section 99 of the Danish Financial Statements Act.

Bang & Olufsen's CSR policy covers the common CSR policy areas according to the above-mentioned international standards. The CSR policy is relatively fixed from year to year and is presented in the section 'Bang & Olufsen's CSR Policy'.

The policy is supported by the company's anti-corruption policy, slavery and human trafficking statement, its code of business conduct, and its ethics and supplier code of conduct, which combined contain Bang & Olufsen's CSR requirements to suppliers as well as guidelines to our employees.

The existing CSR framework builds on the above-mentioned policies, ensuring that the right objectives are defined for the company's focus on risk areas. The framework presents 'Focus and risks' within the policy areas defined to help our surroundings understand the relevance to Bang & Olufsen's business activities. It also presents actions taken within the individual policy areas, along with the results achieved. The framework displays our dynamic CSR approach, because the risks and focus areas can be revised, and the actions amended accordingly when the achieved results are assessed.

## THE CSR FRAMEWORK IN BANG & OLUFSEN



The CSR framework in Bang & Olufsen. The framework includes a relatively fixed policy section whereas the CSR activities are dynamic and agreed yearly in the CSR Steering Committee. The committee includes the VP, Global General Counsel, Head of Operations, Head of Group Communication, and VP HR.

## BANG & OLUFSEN'S CSR POLICY

The purpose of Bang & Olufsen's CSR policy is to set out the guidelines for the company's corporate social responsibility activities within the framework of its business operations. The policy is divided into four main policy areas: human rights, labour rights, environment and anti-corruption. Each issue has a specific action plan to ensure continual improvement. Bang & Olufsen commits to ensuring compliance both within the organisation as well as for its partners and suppliers. Individual policies have been adopted under each policy area to support the CSR policy: its anti-corruption Policy, its slavery and human trafficking statement, its code of business conduct, and its ethics and supplier code of conduct.

### Human rights

Bang & Olufsen commits, in all matters within the Group's control, to supporting and respecting the protection of internationally proclaimed human rights.

### Employee rights

Bang & Olufsen commits to showing the greatest degree of social responsibility towards its employees. Bang & Olufsen supports the abolition of child labour and forced labour, and condemns discrimination in employment and occupation.

Bang & Olufsen attaches great importance to freedom of association and recognises the right to collective bargaining.

Bang & Olufsen commits to be a tolerant workplace where each employee thrives and has the possibility to develop and create a good work-life balance.

### Anti-corruption (Business integrity)

Bang & Olufsen strongly dissociates itself from all kinds of corruption, including extortion, bribery, and facilitation payments of any kind. Bang & Olufsen does not tolerate the acceptance, offering, promising or paying of bribes of any form. Reports of breaches to the policy will be investigated thoroughly and appropriate actions will be taken on the basis of such investigation.

Reports of breaches to the policy will be investigated thoroughly and appropriate actions will be taken based on such investigation. Bang & Olufsen is subject to serious criminal and civil penalties for breaches of applicable anti-corruption laws. Consequently, any employee who breaches the anti-corruption policy may be subject to criminal and/or civil penalties, including imprisonment and very substantial fines, which will not be reimbursed by Bang & Olufsen. In addition, any employee who breaches the policy may be subject to disciplinary action by Bang & Olufsen, up to and including termination of their contract of employment.

### Environment

Bang & Olufsen has an integrated thinking with regard to the environmental consequences the production and products have on employees, customers and the environment. This means that we include the aspects of environment, working environment and product environment, in the production and in the products. We use the word "environment" broadly to cover the areas of work environment, product environment

and external environment, and these areas are all integrated in the production.

As a responsible company, Bang & Olufsen commits to creating sustainable products in a sustainable way. The considerations involved in the operation, design, and longevity of products must be in mutual balance with the environmental impact of production. Bang & Olufsen complies with existing legislation in the countries where Bang & Olufsen produces and sells products.

More specifically, Bang & Olufsen aims to focus on the areas where the right balance between effort and impact can be achieved:

- Improve the work environment and the health and safety conditions of employees.
- Prevent work-related illnesses and/or injuries.
- Improve and prevent negative environmental impact from production.
- Prevent negative environmental and climate impact from use of products as well as maintain high focus on developing sustainable products.

# CSR ACTIVITIES AT BANG & OLUFSEN 2017/18

The following section presents the results of Bang & Olufsen’s CSR objectives for 2017/18 along with the various actions taken to achieve those results.

POLICY AREA	FOCUS AND RISKS	ACTIONS	RESULTS
<div style="background-color: #e0e0e0; padding: 10px; text-align: center;">HUMAN RIGHTS</div>	<p>Bang &amp; Olufsen acknowledges the responsibility for human rights in the business activities generated both locally and globally</p>	<ul style="list-style-type: none"> <li>• Supplier assessments</li> <li>• Audits</li> </ul>	<ul style="list-style-type: none"> <li>• No zero tolerance issues.</li> <li>• All self-assessments received and in line with our expectations.</li> </ul>

## HUMAN RIGHTS

Bang & Olufsen respects internationally recognised labour rights and the company follows national requirements for labour practices.

### Focus and risks:

Collective agreement for employees

Bang & Olufsen’s business activities generate demand for products and services from global suppliers. The company acknowledges its responsibility for human rights arising from its local and global business activities, and the company is committed to entirely avoiding

any use of child labour and forced labour in its supply chains.

### Actions taken:

Bang & Olufsen conducted a thorough risk assessment of its supplier base in 2017/18 to identify any additional audit needs. In addition, CSR audits were conducted and followed up accordingly.

### Results:

The revised risk-assessment did not identify any current need for additional audits. All audit findings were in line with expectations with zero tolerance issues, and did not lead to any further action being taken.

POLICY AREA	FOCUS AND RISKS	ACTIONS	RESULTS
EMPLOYEE RIGHTS	Avoid exposure to risks, causing work-related accidents.	<ul style="list-style-type: none"> <li>• Share best practice</li> <li>• Accidents are analysed and followed up by care conversations</li> </ul>	<ul style="list-style-type: none"> <li>• Frequency was 3.5 compared to the target of 2</li> <li>• Severity was 0.102 compared to the target of 0.070</li> </ul>

## EMPLOYEE RIGHTS

Bang & Olufsen places great emphasis on the occupational health and safety of its employees. The aim is to create a safe and healthy working environment – both physical and psychological – for the company’s employees. Bang & Olufsen strives to adapt workplaces to suit the employees, not the other way around. For this reason, occupational health and safety aspects are taken into consideration as early as in the design and development phase because the choices of for instance materials, joining methods and surface treatment options made by product developers often have a major impact on occupational health and safety in the production phase.

### Focus and risks:

Zero accidents

Being a manufacturer of consumer electronics and operating a production site and an office environment, Bang & Olufsen strives to avoid any exposure to risks that may cause work-related accidents. Bang & Olufsen aims to foster a culture where its employees return home safely to their families every day and come to work the next day. Safety is a high priority across the organisation. The company wants to reduce the number of injuries, and thereby secure the well-being of its employees.

### Actions taken:

All accidents are analysed immediately and followed up by a so-called care conversation between the injured, his/her immediate manager and the Health, Safety and Environment (HSE) group. Each injury and accident is then analysed as part of the inspection, and a root cause analysis is performed to clarify the underlying causes. Afterwards, decisions are made on activities needed to prevent similar accidents in future. In addition, the manager and the injured person review opportunities to resume work or, alternatively, to take on light duties for a period of time.

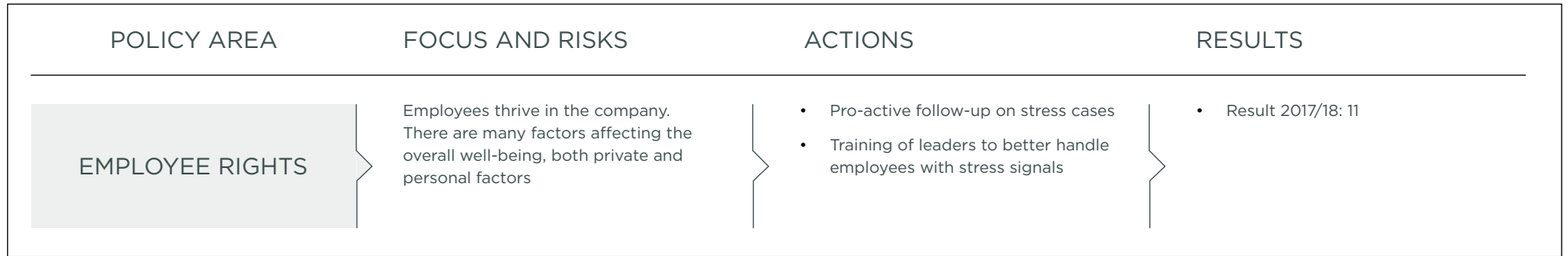
Bang & Olufsen’s HSE groups have each selected three focus areas relating to

objectives and activities. Each HSE group provides a quarterly status report on its focus areas to the environment committee, and best practice is shared across the organisation.

### Results:

With 5 accidents occurring in 2017/18, corresponding to a frequency of 3.5, the objective of a reduction of 5 per cent compared to last year was not reached. One serious injury occurred at factory 5, causing long-term absence. The remaining accidents were not related to the working environment, but were caused by very special weather conditions in January/February when black ice in the parking lot at the Struer location led to several slip and fall accidents. New procedures are in place to avoid this in future.





## EMPLOYEE RIGHTS

Bang & Olufsen is committed to providing safe and healthy working conditions for its more than 1,000 employees around the world.

### Focus and risks:

Employee health & life balance

As part of Bang & Olufsen’s commitment to being a good, attractive place to work for top-class employees, it is essential that the company’s employees thrive, are given exciting, challenging

assignments, and that management provides the necessary guidance and support as and when required. Bang & Olufsen recognises that there are many factors affecting the overall well-being of its employees, and that both private and personal factors may play a role.

### Actions taken:

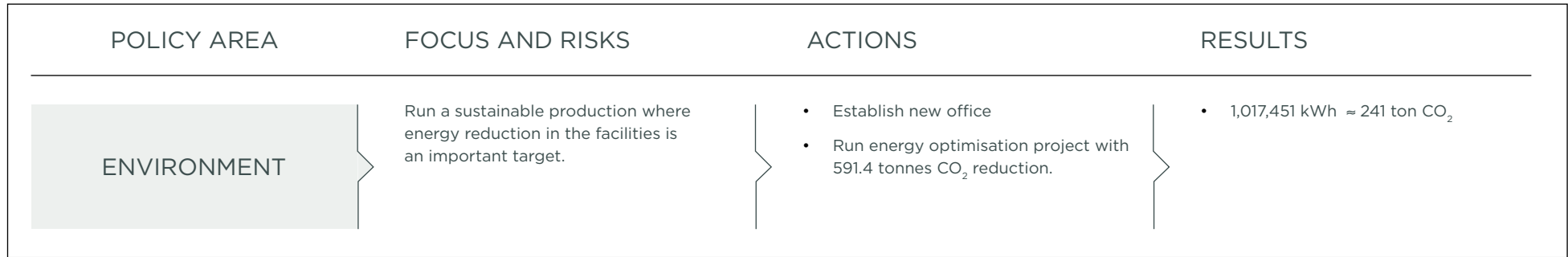
To reduce the number of long-term sickness cases (full and part time) caused by psychological work environment, the following activities have been conducted:

- Pro-active follow-up on stress cases and development of individual action plans for how to return to work.
- Training of leaders in feedback and IDP processes to enable leaders to better spot signs of stress in employees

### Results:

The objective of reducing the number cases involving of long-term illness cases (full and part time) caused by the psychological working environment was not met. 11 cases were reported in 2017/18 compared to 4 in 2016/17. This

increase is not satisfactory, and Bang & Olufsen will take action to counter the development by ensuring much closer follow-ups in HSE groups and taking action on the results of the annual engagement survey. However, employee absence due to long-term illness are returning to work sooner than before, and they are recovering much faster, which indicates that the efforts to develop relevant individual action plans for employees affected are working.



## ENVIRONMENT

Energy consumption in production has been identified as Bang & Olufsen’s largest contributor to the company’s environmental impact. The company strives to run a sustainable production in which energy reduction in our facilities is an important target.

### Focus and risks:

Energy savings in facility

Bang & Olufsen aims to maintain a strong focus on developing sustainable products and to improve and prevent a negative environmental and climate impact from its production and products.

### Bang & Olufsen’s primary environmental impact is:

**Water** used for sanitary and production purposes, primarily from the anodising process in the anodising plant.

**Waste** mainly consisting of aluminium waste. In general, nearly 80 per cent of all waste is recycled.

**Wastewater** primarily from the anodising process is pre-cleansed and sent to the municipal purification plant.

**Disposal of worn-out products** (product take-backs and manufacturer responsibility) is collected and processed by an approved waste handler.

**Pollution and external noise** from production. Bang & Olufsen always

establishes dialogue with the regulatory authorities for the purpose of finding the best solutions and thereby minimising pollution as much as possible.

### Actions taken:

Bang & Olufsen has taken a number of initiatives to optimise energy savings at its facilities. A key initiative was moving the main part of our operations in Struer to a modernised and energy-saving facility, which has reduced the company’s footprint. Energy optimisation projects for 2017/18 are listed below. The target is to reduce CO<sub>2</sub> emissions by 59 tonnes, equivalent to 204,684 kW (Measured at project level (improvement):

- Change source of lighting to LED at one of our factories

- New ventilators installed in canteen
- Ventilation optimisation in office area
- Humidification optimisation
- Production managers and coordinators have been trained in how to optimise the use of lighting in the production line
- Heat from air compressor used for warehouse heating has been implemented
- Skylight replacement in Innovation Lab, Struer
- A new compressor with inverter installed
- Energy optimisation (ventilation) in adhesives area

### Results:

The initiatives helped to reduce the impact by 1,088,349 kWh, equivalent to 259 tonnes of CO<sub>2</sub>. Accordingly, Bang & Olufsen achieved its energy goal for 2017/18.

POLICY AREA	FOCUS AND RISKS	ACTIONS	RESULTS
<p><b>BUSINESS INTEGRITY</b></p>	<p>To conduct all business operations around the world in an honest, fair, transparent and ethical manner.</p>	<ul style="list-style-type: none"> <li>• Perform supplier audit for Top 20 suppliers</li> <li>• Complete antitrust training</li> </ul>	<ul style="list-style-type: none"> <li>• All certificates have been received from suppliers</li> <li>• Training completed</li> </ul>

## BUSINESS INTEGRITY

### Focus and risks

Bang & Olufsen is committed to conducting all our business operations around the world in an honest, fair, transparent and ethical manner. Our policy is to comply with all applicable laws and not to engage in any corrupt activity. The company does not accept any kind of corruption and/or bribery in or in connection with its business activities.

Bang & Olufsen does not tolerate the acceptance, offering, promising or payment of bribes of any kind. It is only acceptable to give or accept gifts, meals or other things of value for up

to reasonable amounts and having a specific and legitimate business purpose in accordance with the company’s anti-corruption policy.

Furthermore, the company is committed to conducting its business activities in accordance with the highest standards of ethics and professionalism. Bang & Olufsen believes that acting responsibly and fairly are important factors in achieving long-term business success and always maintains the highest standards of integrity, safety and fairness.

Bang & Olufsen expects its employees to adhere to values such as integrity, fairness and honesty. Safeguarding

the reputation of Bang & Olufsen and complying with governmental laws or regulations, as well as the company’s code of business conduct and code of ethics is the responsibility of every employee and director. Our internal policies are designed to help employees resolve day-to-day ethical dilemmas, such as situations involving anti-corruption, confidentiality, the misuse of company assets for personal gain and the rules on donations and gifts.

To ensure compliance with company policies, a whistleblower system has been established to encourage and enable staff members to report immediately any questionable actions or

activities that may involve criminal conduct or violations of company policies and guidelines, either through internal channels or through the Bang & Olufsen whistleblower hotline. The whistleblower hotline system is confidential, and employees can choose to remain anonymous when reporting incidents through the hotline. The hotline is managed by an independent third party to ensure the highest level of security and confidentiality.

### Actions taken:

### Compliance programme

Two specific actions have been selected within the business integrity area. The

first was to perform a supplier audit for Bang & Olufsen's top 20 suppliers on compliance with the company's anti-corruption policy.

#### **Antitrust training**

The second action was to maintain and reinforce a strong compliance culture in terms of anti-competitive practices and therefore to ensure that all sales organisation employees complete antitrust training.

#### **Results:**

#### **Compliance programme**

Discussions have been held with all top 20 suppliers and each of them have

now certified towards Bang & Olufsen that they are compliant with Bang & Olufsen's anti-corruption policy. This is an increasingly important focus area in the company's efforts to continue to build its supply chain and satisfactory progress has been made in this area.







#### **Anti-corruption training**

Bang & Olufsen also reached its target for employee training. All employees working in sales-related positions have completed antitrust training. The company is confident that this training has provided the sales organisation with an up-to-date and better understanding of antitrust practices and a stronger culture in terms of the company's sales approach.





## OVERVIEW OF CSR ACTIVITIES IN BANG & OLUFSEN IN 2017/18 – TARGETS AND PERFORMANCE

POLICY AREA	TOPIC	OBJECTIVES	ACTUAL RESULTS	
HUMAN RIGHTS AND EMPLOYEE RIGHTS	Collective agreement for employees (suppliers and contractors)	<ul style="list-style-type: none"> <li>Risk assessment of supplier base to identify audit needs. Conduct CSR audits and follow up accordingly</li> </ul>	<p>ACCOMPLISHED</p> <p>Audits completed - No zero tolerance issues One self-assessment was not returned</p>	
	Zero accidents	<ul style="list-style-type: none"> <li>Accident frequency must not exceed 2 (reduction of 5 per cent compared to 2016/17) Frequency is number of accidents per 1 million work hours</li> <li>Accident severity must not exceed 0.070 (reduction of 5 per cent compared to 2016/17) Degree of severity based on the number of hours of absence per 1,000 work hours</li> </ul>	<p>OBJECTIVE NOT ACCOMPLISHED</p> <p>Frequency was 3.5 compared to the target of 2</p> <p>Severity of 0.102 compared to target of 0.070</p>	
	Employee health & life balance	<ul style="list-style-type: none"> <li>Reduce number of cases involving long-term illness (full and part time) caused by psychological work environment.</li> </ul>	<p>OBJECTIVE NOT ACCOMPLISHED</p> <p>11 cases were reported this year compared to 2 last year</p>	
ENVIRONMENT	Energy savings in facilities	<ul style="list-style-type: none"> <li>Energy optimisation initiative with target of 591.4 tonnes CO<sub>2</sub> reduction (equivalent to 2,517,057 kWh). Impact in 2017/18: 259 tonnes CO<sub>2</sub> reduction (equivalent to 1,088,349 kWh)</li> </ul>	<p>ACCOMPLISHED</p> <p>1,180,720 kWh = 281.3 tonnes CO<sub>2</sub></p>	
BUSINESS INTEGRITY	Affirm commitment on business integrity and maintain and re-inforce a strong compliance culture in terms of anti-competitive practices. All sales organisation employees to complete antitrust training	<ul style="list-style-type: none"> <li>All sales organisation employees to complete antitrust training</li> </ul>	<p>ACCOMPLISHED</p> <p>All employees in sales-related positions have completed antitrust training. Two sessions were held with Sales organisation, and a follow-up meeting will take place in June for those who could not attend the first two meetings</p>	
	Supplier audit on compliance with anti-corruption laws	<ul style="list-style-type: none"> <li>Receive certification from top 20 suppliers of compliance with the anti-corruption policy</li> </ul>	<p>ACCOMPLISHED</p> <p>All of our top 20 suppliers have now certified towards Bang &amp; Olufsen that they are compliant with Bang &amp; Olufsen's anti-corruption policy</p>	

# OTHER CSR RELATED ACTIVITIES

## **Audio and VR dementia project with the Danish Broadcasting Corporation**

Bang & Olufsen took part in a joint Danish project together with the Danish Broadcasting Corporation, among others, to develop a new approach to dementia treatment based on sound and virtual reality. The focal point of the collaboration is two new recordings with The Danish National Girls' Choir in an advanced format where VR video meets 360-degree audio recordings. Together, the two technologies give the user a strong feeling of being surrounded by music that can evoke an emotional response in people with dementia. The new technology has already been tested successfully in Denmark.

## **Using music to reconnect with memories of the past for Alzheimer's patients**

Bang & Olufsen took part in a US-based initiative with Caring Kind that explores how music can be used as a tool to reconnect with memories of the past in the lives of those affected by Alzheimer's disease. The project was inspired by research showing that music is stored in a part of the brain not affected by

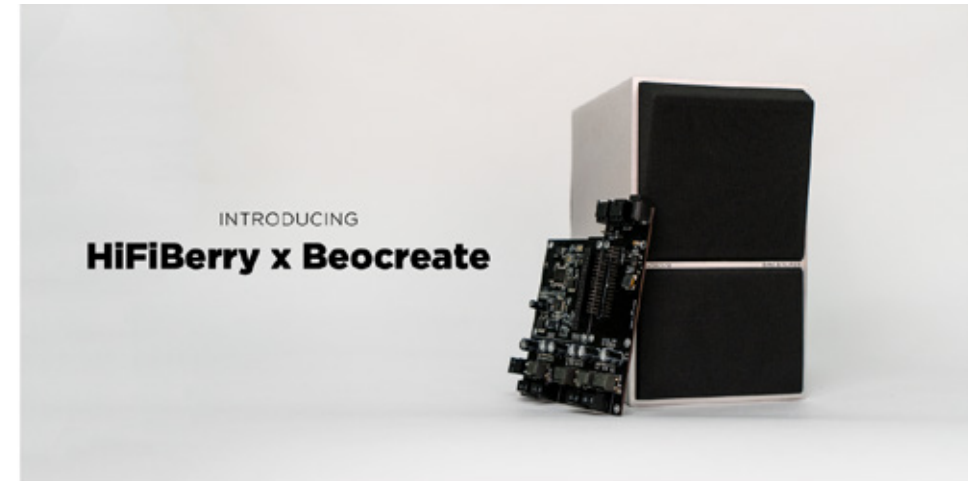
memory loss to the same degree as patients with Alzheimer's disease. Besides supporting a short film, Bang & Olufsen donated products to CaringKind to enhance the on-site programmes for family members and professional caregivers.

## **Beocreate - enabling people to bring vintage speakers back to life**

Bang & Olufsen partnered with HiFiBerry - a Swiss firm specialising in high-quality audio - to create an open source product called Beocreate that enables consumers to upgrade their old speakers to today's wireless standards. Beocreate is a piece of hardware that customers install themselves in vintage speakers to implement wireless functions. The product works in all inactive speakers regardless of brand and is Bang & Olufsen's first DIY product.

## **Innovation Camp - product development for young talents**

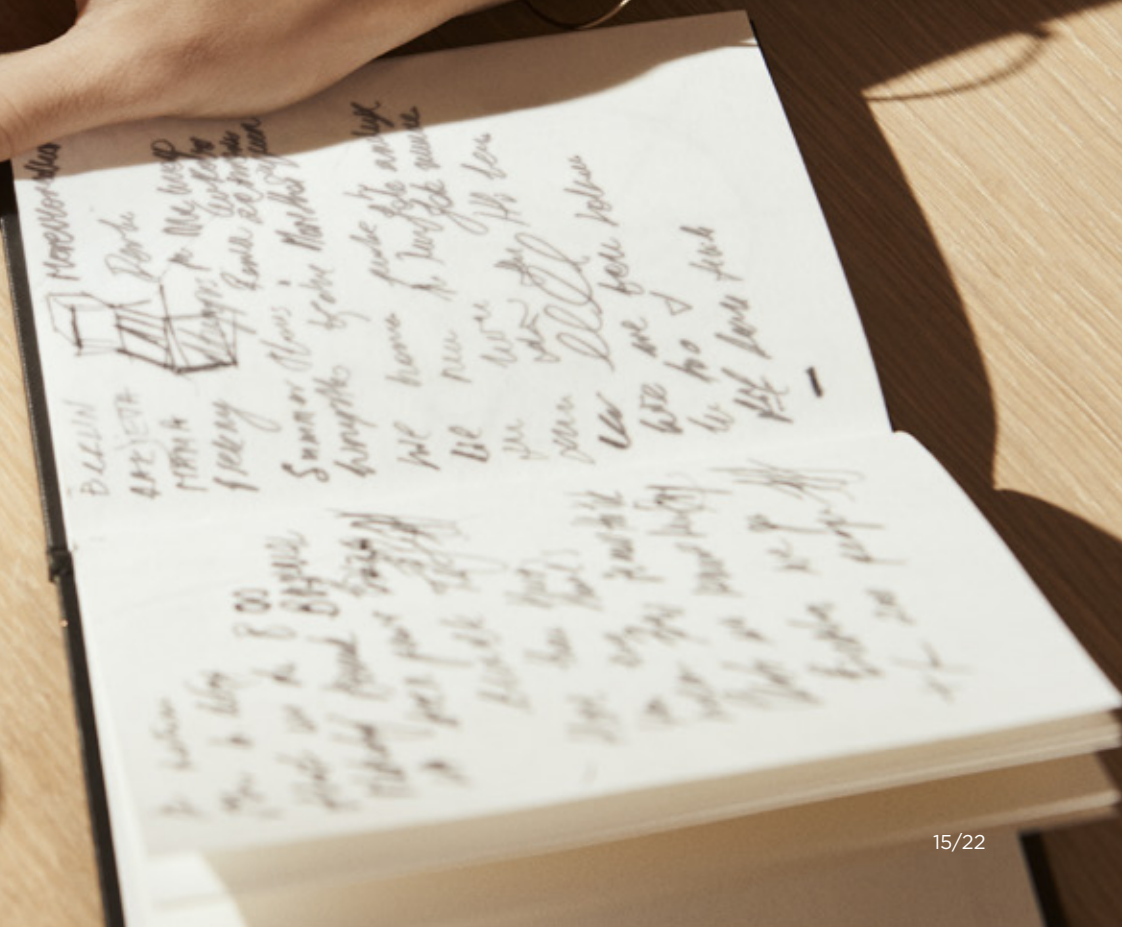
Bang & Olufsen hosted an international summer camp - the Innovation Camp - for young talents recruited from universities and educational institutions from Denmark, Poland, the Netherlands and China. Throughout



the camp, the participants worked with concept development in Bang & Olufsen's development and design facilities with active participation from Bang & Olufsen development engineers, concept managers, and industrial designers. The overall goal was to improve the participants' ability to innovate great product concepts during a conceptual design development process in an international, intercultural and multidisciplinary setting.



# UPDATED CSR STRATEGY FOR 2018-2021



# CSR STRATEGY FOR 2018-2021

## Enhancing the CSR efforts

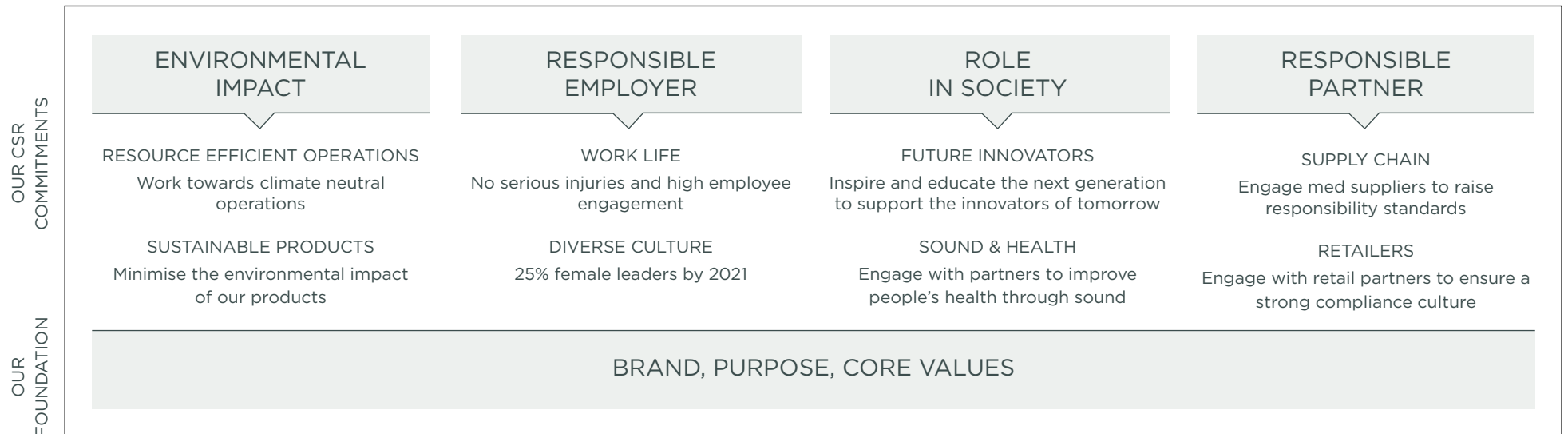
The updated CSR strategy sets the direction for the period from June 2018 to June 2021, taking its lead from the business plan for Bang & Olufsen. The strategy underlines the company's ambition to increase the positive impact and minimise the negative impact Bang & Olufsen has on the environment and society, as well as to make CSR an even more integral part of the company's day-to-day operations.

The strategy provides a coherent framework for Bang & Olufsen, building on the company's purpose, core values and brand and guided by the 17 United Nations Sustainable Development Goals (SDGs). It has developed over the past year with input from both internal and external stakeholders and based on an assessment of the societal and environmental impact of the company and existing efforts.

Four focus areas have been chosen: Environmental Impact, Responsible Employer, Role in Society, and Responsible Partner. Based on these focus areas, eight specific CSR commitments have been outlined. Action plans have been developed for each commitment to ensure progress and for the next three years, Bang & Olufsen will work actively to achieve the KPIs set forward.

Bang & Olufsen contribute to a number of SDGs, however the company will enhance the efforts on two SDGs specifically, namely "Good Health & Well-Being" and "Quality Education" (goals No. 3 and 4) related to the "Sound & Health" and "Future Innovators" commitments.

## NEW CSR FRAMEWORK





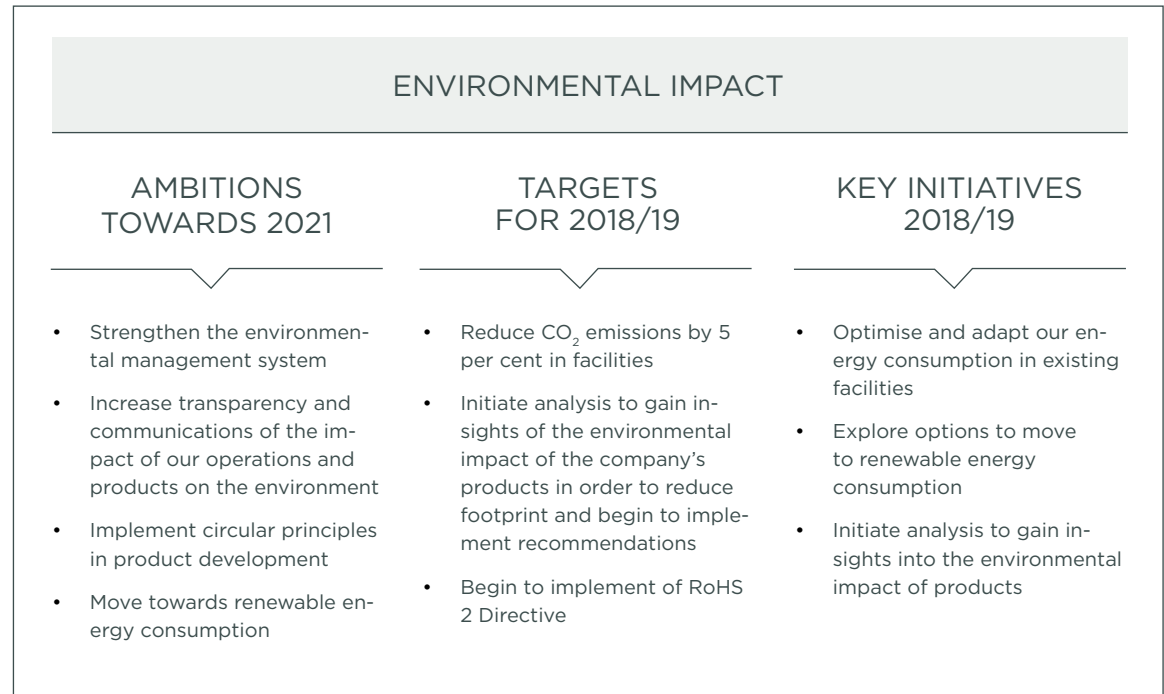
## ENVIRONMENTAL IMPACT

By working systematically with its environmental impact, Bang & Olufsen aims to minimise the adverse impact on the environment from the company’s operations and reduce the environmental footprint of the company’s products over their entire lifecycle. Bang & Olufsen will work to reduce the CO<sub>2</sub> emissions of its operations by managing its energy consumption and environmental impact in accordance with the ISO 14001 standard.

### OUR CSR COMMITMENTS

RESOURCE EFFICIENT OPERATIONS - Work towards climate neutral operations

SUSTAINABLE PRODUCTS - Minimise the environmental impact of our products



## RESPONSIBLE EMPLOYER

Bang & Olufsen wants to be recognised as a people-oriented and responsible company with a strong focus on empowering the company's employees and helping them develop their competencies. Maintaining a healthy and safe working environment and ensuring that employees have the proper knowledge to perform their work in a safe manner, remains a priority. Bang & Olufsen respects employees' right to freedom of association and collective bargaining and the right to raise concerns without fear of retaliation, and the company wants to encourage and promote a diverse culture at Bang & Olufsen.

### OUR CSR COMMITMENTS

WORK LIFE - No serious injuries and high employee engagement

DIVERSE CULTURE - 25% female leaders by 2021

RESPONSIBLE EMPLOYER		
AMBITIONS TOWARDS 2021	TARGETS FOR 2018/19	KEY INITIATIVES 2018/19
<ul style="list-style-type: none"> <li>Strengthen employee engagement - aim to be in upper quartile relative to peers* by 2021</li> <li>Support a culture of learning and collaboration and broaden the diversity agenda</li> <li>Continue to work with safety processes and awareness to ensure no fatalities or serious injuries</li> <li>Integrate the company's purpose and values in the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Zero fatalities</li> <li>Improve employee engagement survey, measured by Ennova, from 71 to 73</li> <li>Accident frequency* must not exceed 2 (3.5 in 2017/18). Number of long-term illness cases (full and part time) caused by psychological work environment must not exceed 6 cases (11 in 2017/18)</li> <li>Increase percentage of women in management positions to 20 per cent</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve communication on and training in safety procedures</li> <li>Roll out new employer value proposition in organisation</li> <li>Increase focus on stress-related work absence and psychological environment</li> </ul>

\* Frequency is number of accidents per 1 million work hours

## ROLE IN SOCIETY

Bang & Olufsen operates in a responsible and transparent manner and is committed to creating value to all the company’s stakeholders. Bang & Olufsen will continue to share knowledge and making the company’s expertise, based on its core capabilities, available to society and stakeholders, while continuing to support community initiatives in the societies in which the company operates. Towards 2021, to the company will work to enhance two particular areas:

**Sound & Health:** Studies have shown how sound can impact the brain, emotions, health and well-being. Bang & Olufsen aims to use the company’s core capabilities within sound to help improve the quality of life for people by contributing to research and help create awareness of the positive effect sound can have in health-related areas.

**Future Innovators:** Help nurture and inspire the next generation to develop skillsets within STEM, craftsmanship and design, which is related to the company’s core capabilities. Bang & Olufsen aims to do that by sharing expertise, making the company’s resources available and working with relevant institutions and partners.

### OUR CSR COMMITMENTS

FUTURE INNOVATORS - Inspire and educate the next generation to support the innovators of tomorrow

SOUND & HEALTH - Engage with partners to improve people’s health through sound

ROLE IN SOCIETY		
AMBITIONS TOWARDS 2021	TARGETS FOR 2018/19	KEY INITIATIVES 2018/19
<ul style="list-style-type: none"> <li>• Create value for all Bang &amp; Olufsen stakeholders by running a responsible and profitable business.</li> <li>• Establish partnerships with relevant organisations to help improve the quality of life for people through sound.</li> <li>• Support local community initiatives in the societies Bang &amp; Olufsen is a part of.</li> <li>• Help young people by working with partners to promote and support the development of STEM, craftsmanship and design competencies.</li> </ul>	<ul style="list-style-type: none"> <li>• To help at least 15 startups and SMEs by way of knowledge sharing and support through partnership with SoundHub Denmark</li> <li>• Partner with organisations to raise awareness of the positive impact music may have on mental health</li> <li>• Contribute to research in order to expand existing knowledge on how sound can impact health</li> <li>• Run at least 10 initiatives to help and promote STEM competencies for young people</li> </ul>	<ul style="list-style-type: none"> <li>• Research project to explore the positive impact of sound in healthcare</li> <li>• Partnership with SoundHub Denmark</li> <li>• Host innovation camp</li> <li>• Partner with organisation to create awareness of the positive impact of sound on people suffering from Alzheimer’s disease</li> </ul>

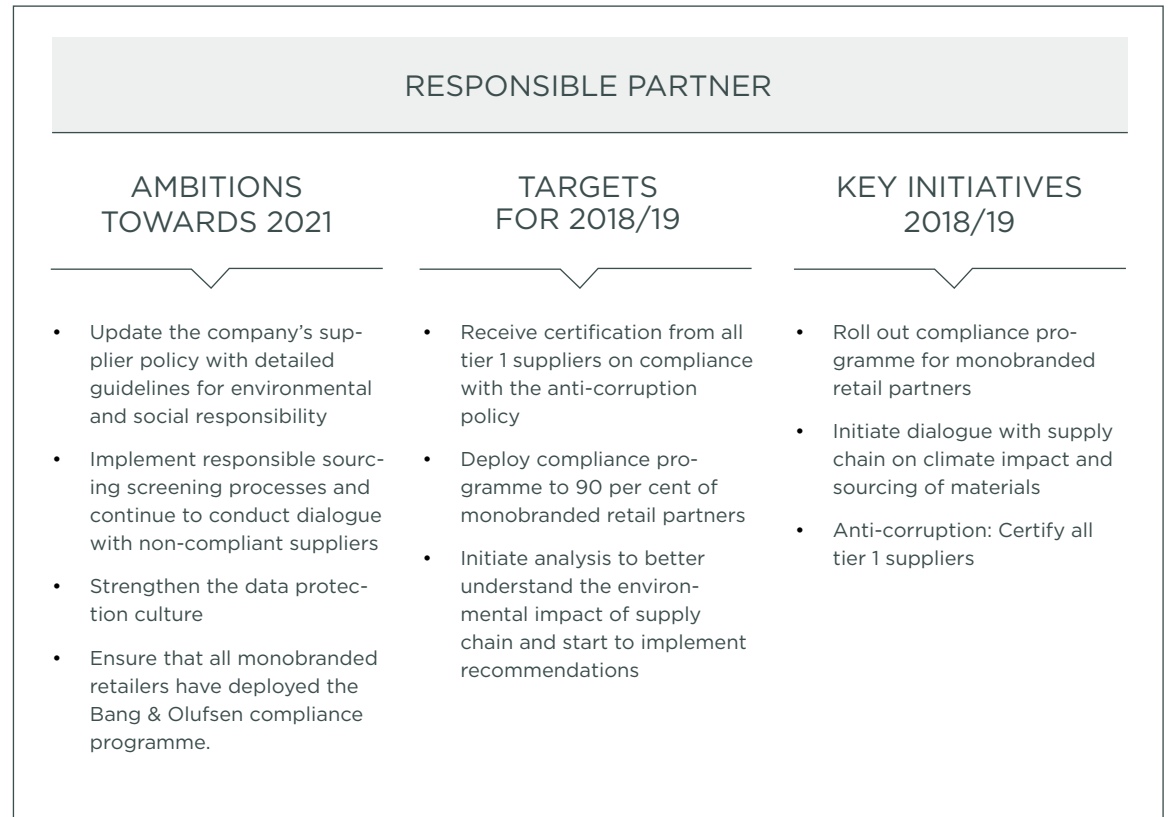
## RESPONSIBLE PARTNER

Bang & Olufsen wants to ensure responsible supplier and retail relationships by integrating the company’s environmental, social and ethical standards and by continuing to focus on impact and risk. In particular, supply chain management is becoming an increasingly important aspect, given the ever-higher stakeholder expectations, and because Bang & Olufsen’s business model is changing towards becoming a more partner-based approach. Therefore, the company will retain its constructive relations with its supply chain based on dialogue, a focus on improvements and the expectation that suppliers share Bang & Olufsen’s commitments to international principles for human rights, labour rights, the environment and anti-corruption. In addition, Bang & Olufsen will work with retail partners to ensure that they live up to the ethical and social standards and expectations from all stakeholders

### OUR CSR COMMITMENTS

**SUPPLY CHAIN** - Engage med suppliers to raise responsibility standards

**RETAILERS** - Engage with retail partners to ensure deployment of compliance programme





# CSR GOVERNANCE AT BANG & OLUFSEN

Bang & Olufsen has established a new governance structure to support the implementation of the updated strategy and ensure that Bang & Olufsen achieve its ambition.

## CSR Committee

The CEO has appointed the members of the CSR Committee, which is responsible for overseeing the implementation of the updated CSR strategy, and setting the strategic direction and coordinating the various CSR initiatives. The

committee reports to Bang & Olufsen's Group Management Team (GMT) and is chaired by the head of Group Functions, who is also a member of the GMT.

Group Communications will function as the CSR Committee's secretariat. They will be responsible for driving the overall CSR agenda. This includes the responsibility for developing, implementing and communicating about CSR, including on new initiatives.



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