

2018

BOSE SUSTAINABILITY REPORT UPDATE



BOSE

TABLE OF CONTENTS

- 01 MESSAGE FROM OUR PRESIDENT AND CHIEF EXECUTIVE OFFICER**
- 02 AT A GLANCE: FISCAL YEAR 2018**
- 03 PROGRESS TOWARD OUR FY20 MANUFACTURING SUSTAINABILITY GOALS**
- 04 OUR APPROACH**
- 05 BUILDING MORE SUSTAINABLE PRODUCTS**
- 06 OUR PEOPLE AND COMMUNITIES**
- 07 ENVIRONMENTAL INITIATIVES**
- 08 ABOUT THIS REPORT**



Message from Our President and Chief Executive Officer

In a changing world, sustainability is important for great companies and it's personally important to me. Since the beginning of Bose's sustainability journey, I've been an advocate for evolving our business practices to reduce our impact on the environment and deliver greater social benefit. I believe these efforts are a meaningful reflection of Bose's Essence and Values, but more importantly, they're the right thing to do so that future generations have the same opportunity to prosper as we do today.

I'm happy to report that we are making progress, thanks to our employees and their commitment to making both Bose and the world around us better. I'm proud of our company's sustainability accomplishments and pleased to share some highlights from the past year:

- We had a prominent 1.7 MW solar panel array installed at our Framingham, Massachusetts campus, which brings enough electricity onto the grid to power a substantial portion of the campus.
- Our manufacturing plant in Tijuana, Mexico, made significant progress towards its 2020 goals to reduce energy use and waste, and to expand employee engagement and community support.
- In Framingham, Massachusetts a record number of employees took part in our 2017 Consumer Electronics Volunteer Service Day, cleaning up public lands, working with women's shelters, and supporting nonprofits that provide low-income housing and children's services.

- We conducted a formal life-cycle assessment (LCA) to evaluate our products' environmental impacts, from raw materials and manufacturing through use and end-of-life. This LCA will help us identify and pursue opportunities for improvements.
- Our global supply chain and global sales functions integrated sustainability considerations into their annual strategy planning process.

While these are great efforts, we are only at the beginning of our journey. To date, Bose has achieved results by supporting our employees' grassroots efforts and establishing foundational corporate sustainability practices. This report itself, which publicly discloses the progress of our environmental and social activities over the past year, is an example of a common practice that is expected of a responsible company.

But I often wonder what's next on this journey. Can we move beyond common practices in areas where our efforts will be most meaningful, and help set the bar for state of the art? In the coming year, I'm looking forward to working with our team to identify a topic where we can target a bolder ambition, then step up and demonstrate leadership. With commitment and determination, we can change the world—so that future generations can have what we have, and more.

PHIL HESS

PRESIDENT AND CHIEF EXECUTIVE OFFICER

AT A GLANCE: Fiscal Year 2018 (FY18)

OUR COMPANY

ANNUAL SALES:
\$4.0 Billion (US)

WORLDWIDE EMPLOYEES:
8,500+

COMPANY HEADQUARTERS:
Framingham
Massachusetts, US



HEALTH & SAFETY

INCIDENT RATE

 **2.9**

Total incidents
per 200,000
person-hours

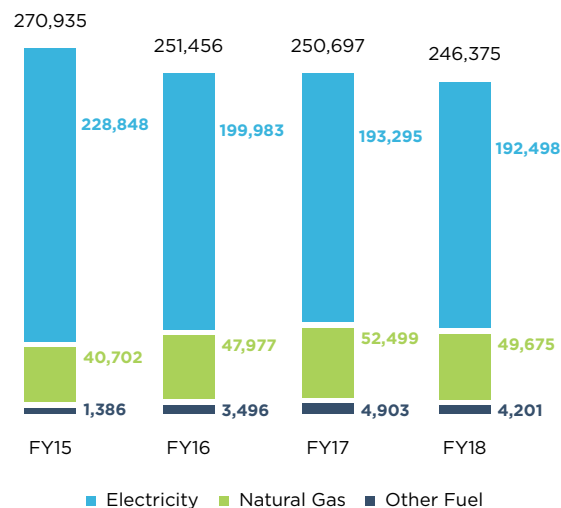
DART RATE

 **0.5**

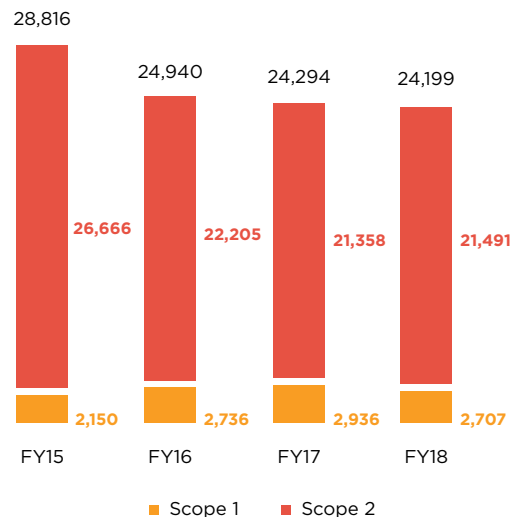
Total days away,
restriction, and transfer
(DART) incidents per
200,000 person-hours

ENERGY AND CARBON

Energy Use at Major Facilities (GJ)



Carbon Emissions at Major Facilities (Tonnes CO₂e)











Energy and Carbon Intensity Across Major Facilities

	FY15	FY16	FY17	FY18
Energy Intensity (GJ/sq. ft.)	0.096	0.075	0.087	0.085
Carbon Intensity (Tonnes CO ₂ e/sq. ft.)	0.010	0.007	0.008	0.008

Progress Toward Our FY20 Manufacturing Sustainability Goals

In 2017, Bose's manufacturing operation in Tijuana, Mexico, established a set of sustainability targets for FY20, and over the past year has made significant progress toward its goals.

GOAL	STATUS	FY18 PERFORMANCE
 <p>Increase people management training participation from 84% to 95%</p>	 ON TRACK	<p>94% of managers have completed the people management training</p>
 <p>Increase the number of people that benefit from our community programs by 50% (FY17 baseline)</p>	 ACHIEVED	<p>Nine times as many people benefited from Tijuana's community programs compared to FY17</p>
 <p>Reduce energy consumption by 6% per unit produced (FY17 baseline)</p>	 ACHIEVED	<p>Our Tijuana facility reduced energy use per unit by 16%</p>
 <p>Increase our waste recycling rate from 91% to 95%*</p>	 ON TRACK	<p>We achieved a 93.5% recycling rate at our Tijuana facility</p>

* Includes materials that are reused or sold to a third party.



As a result of increased engagement and generosity by plant employees, Tijuana's community support initiatives exceeded expectations this year. The plant achieved its community goal early, providing charitable funding to the Hospital Infantil de las Californias, the Hospital de Salud Mental de Tijuana, and the Fundación Castro Limón, which provide medical treatment for children and adults.



Our Tijuana operation achieved its energy goal ahead of schedule after implementing a range of efficiency and conservation initiatives in FY18. Progress toward the metric also benefited from an increase in the units produced, which put a wind at our back. Recognizing that we may not have such favorable circumstances in future years, the plant will continue to focus on designing and implementing new energy reduction initiatives.

3 PILLARS OF SUSTAINABILITY



SOCIAL

ENVIRONMENTAL

ECONOMIC



BOSE'S COMMITMENT TO SUSTAINABILITY

Our founder, Dr. Amar Bose, sought to build a company where people could realize their fullest human potential. Today, our commitment to sustainability is a reflection of that philosophy and of the [Essence and Values](#) that drive our culture: our pursuit of excellence, our pledge to conduct business with integrity, and our promise to treat others with respect. His gift of the majority of non-voting shares to MIT represents a remarkable arrangement between a university and a company. It helps ensure that Bose will remain private and independent, continue to invest for the long term and live out these ideals—a responsibility we take very seriously.

We are proud of the impact our sustainability program is having, both within our company and beyond. By pursuing excellence in how we manage our environmental performance and care for our people and communities, we create a culture that engages and motivates our employees, attracts the best new talent, and helps us run our business with greater efficiency. We've always been about using innovation to deliver real customer benefit, and today sustainability is a part of that innovation, helping people feel more, do more, and be more.

Our Approach

Bose is a company dedicated to continuous improvement in all aspects of our business, and our sustainability journey is no different.

We started this journey several years ago with the establishment of a long-term strategic framework that encompasses three pillars of sustainability: environmental, social, and economic. Today, we continue to use a maturity model to measure our progress along a three-year roadmap, which itself is updated annually to reflect changing conditions and new opportunities.

Year by year, we're working to create greater organizational alignment around sustainability. Most recently, we formally integrated sustainability considerations into the annual strategy planning process for our manufacturing, global supply chain, and global sales functions. All new hires receive an overview of our sustainability program and our company's commitment to be a good corporate citizen. By embedding best practices more fully into the way we do business, we're improving operational efficiency, innovating superior products, and providing enhanced support for our people and communities. It's a win-win: better for people and planet, better for business.

See page 8 for more information on our approach to sustainability reporting.

THE BOSE SUSTAINABILITY VISION

Bose Corporation's commitment to social, economic, and environmental stewardship is a reflection of our Essence and Values. By applying our Guiding Principles to these three pillars of sustainability, Bose will increase the value that we provide to our communities.

Building More Sustainable Products

Sustainability amplifies the innovation challenge, spurring us to create new, groundbreaking products that deliver both delight and improved environmental and social impact.



PRODUCT LIFE CYCLE ASSESSMENT PROJECT

We recently conducted our first Life Cycle Assessment (LCA), a process that estimates and compares a product's environmental impacts across every stage of its life: from raw material extraction and production to consumer use and disposal. For this analysis, we chose the SoundLink® Revolve+ Bluetooth speaker as a representative product. This year, we're leveraging the LCA findings to develop a product scorecard that will help our designers and engineers further embed sustainability practices into product design.

WELLNESS PRODUCTS TO DELIVER SOCIAL BENEFIT

Bose has always aimed to improve people's life experience. That's the philosophy behind our new Wellness Division, which uses innovative technologies to help our customers live healthier, more engaged lives—so they can feel more, do more and be more.

Bose **Hearphones™** Conversation-Enhancing Headphones

At loud restaurants, dinner parties, or business meetings, too much background noise can make it hard to hear what's important. In 2017, we merged our expertise in audio amplification and noise-cancellation to debut Hearphones™, conversation-enhancing headphones that help wearers focus on what they want to hear and reduce unwanted noise. Hearphones™ help people engage with their world and enjoy greater social and emotional connection.

"The noise level from the rest of the restaurant was distracting and so I switched to the most focused choice and everybody but my table disappeared! It was a miracle!"

– Hearphones™ user



31ST ANNUAL EDISON AWARDS 2018

Bose **Hearphones™**

Gold Medal Winner in Social Innovation

Sub-category:

Communication Enhancement



Bose **Noise-Masking Sleepbuds™**

Snoring partners. Street noise. Loud neighbors. Around the world, millions face noise issues that prevent them from getting a good night's sleep—the third pillar of good health, along with nutrition and exercise. That's why we developed Bose Sleepbuds™, a pair of soft, tiny, wireless earbuds designed to replace unwanted noise with soothing sounds. Our initial testing phase proved that Sleepbuds™ help many people achieve better sleep, and we're looking forward to helping more people after the official launch in 2018.

"Absolutely wonderful! ...after several night's use, sleeping better than ever. Zero snore noise coming through."

– Sleepbuds™ user



Our People and Communities

Our people are our greatest resource. We want them to thrive in a work environment that's engaging and supportive, and we want them to be able to put their passion, expertise, and goodwill to work supporting our communities. To enable their community contributions, we recently tripled the amount of paid time off available to our corporate employees for volunteer efforts, from one day to three, and our people are making the most of it.

CONSUMER ELECTRONICS VOLUNTEER SERVICE DAY

In May 2017, Bose's Consumer Electronics team organized its annual Volunteer Service Day at our Framingham, Massachusetts headquarters, during which our employees devoted 1,560 service hours to the community—a 47% increase in hours volunteered over the year before. In all, more than 30 projects received support. Some of our people lent a hand at area women's shelters, senior centers, and food pantries. Others supported Habitat for Humanity's affordable housing mission or volunteered with Jeff's Place, a nonprofit providing bereavement support services to children. Still others prepared meals for the homeless or collected healthy foods for Daniel's Table, a nonprofit whose mission is to create a sense of food security throughout Framingham. In recognition of the impact Bose employees have had over the years, we were humbled to receive a formal citation of gratitude from the city of Framingham.

2020 MANUFACTURING GOAL UPDATE



PEOPLE MANAGEMENT

Our Global People Management Initiative improves management skills to foster a better work environment. At our Tijuana manufacturing plant, 94% of managers have now received training, bringing us close to our goal of 95% by 2020.

2020 MANUFACTURING GOAL UPDATE



COMMUNITY

Exemplifying our Tijuana employees' commitment to the community, this year's 80 Cent Campaign achieved a 50% increase in both participation and per-person donations, helping the plant meet its community goal early. The campaign allows employees to donate part of their paycheck to fund treatments and surgeries for children with cancer, Down Syndrome, and other medical conditions.



GOING SOLAR IN FRAMINGHAM

Bose recently had a prominent 1.7 MW solar array installed at our Framingham, Massachusetts headquarters. Through a Power Purchase Agreement, the system brings enough electricity onto the grid to power a substantial portion of the campus, which helps Massachusetts meet its renewable energy goals and demonstrates our commitment to sustainability. To further engage our employees on sustainability, we're installing a monitoring system that will track and communicate the energy produced in real time.

Environmental Initiatives

Why wouldn't a business want to operate more sustainably? The benefits are clear: enhanced efficiency, reduced risk, and lower energy and materials costs, all while supporting our commitment to reduce our environmental impact. While Bose has already seen valuable business benefits from our eco-efficiency initiatives, we're determined to shrink our footprint even further.

2020 MANUFACTURING GOAL UPDATE

ENERGY



In FY18, our Tijuana manufacturing plant undertook several noteworthy energy-reduction projects. These include transitioning additional lighting to LEDs, installing more occupancy sensors/timers, adjusting air conditioning settings, and insulating ovens and exhaust pipes to reduce cooling needs. Collectively, our efforts reduced the plant's energy consumption by nearly 500,000 kWh annually and helped us exceed our FY20 energy goal.

2020 MANUFACTURING GOAL UPDATE

WASTE



Targeting a 95% recycling rate by FY20, our Tijuana plant pursued several waste-reduction initiatives in FY18. We cut back on waste batteries by switching from battery-powered speaker-testing headsets to plug-in models. In the facility cafeteria, we identified a new opportunity to send food waste to a local animal farm, and are evaluating opportunities to use reusable or recyclable cups and plates.

About This Report

Thank you for reading Bose's 2018 Sustainability Report Update. This report covers key activities and accomplishments of Bose Corporation during our 2018 fiscal year related to environmental protection, social responsibility, and economic progress.

REPORTING PERIOD

This report covers Bose Corporation's 2018 fiscal year (FY18), the time period from April 1, 2017 through March 31, 2018.

BOSE'S REPORTING APPROACH

Bose reports annually on our sustainability efforts. Every two years Bose produces a full sustainability report that contains Standard Disclosures from the Global Reporting Initiative guidelines. In off-years, we issue brief report updates, like this one, to ensure stakeholder access to timely information on our core metrics and our most impactful environmental, social, and economic activities.

Our last full report, covering Bose's 2017 fiscal year, was published in August 2017. It is available for download on our webpage.

REPORTING SCOPE & BOUNDARIES

This report covers sustainability-related activities and impacts under Bose Corporation's operational control globally, but is not all-inclusive. It also includes select product-related impacts. In this report, "Bose," "the company," "we," "our," "its," and similar terms are used for convenience to refer to Bose Corporation and its subsidiaries and branches. Data pertaining to carbon emissions, energy, and health and safety contained in this report are subject to restricted boundaries due to data availability; Bose is in the midst of scaling up tracking capabilities for energy and carbon data, and plans to expand the number of sites included in its reporting.

Health & Safety

Data boundaries for health and safety metrics reflect major facilities that were under Bose's operational control at any point in FY18, as well as U.S. retail stores and field sales.

Carbon Emissions & Energy Consumption

Data includes all major facilities under Bose's operational control at the end of FY18, excluding retail stores. Historical figures for FY15 and FY16 were adjusted in FY17 according to the Greenhouse Gas Protocol guidelines to account for the divestiture of two manufacturing facilities. Energy figures are based on actual energy data or estimates when actual data are not available, and include electricity and fuel consumption. Bose uses the Greenhouse Gas Protocol, The Climate Registry (TCR), and the EPA for all emissions conversion factors. Carbon emissions calculations include CO₂, CH₄, and N₂O.

BOSE