



# 2020

SUSTAINABILITY REPORT UPDATE

# TABLE OF CONTENTS

- 01** LETTER FROM OUR PRESIDENT AND CHIEF OPERATING OFFICER
- 02** AT A GLANCE: FISCAL YEAR 2020
- 03** RESULTS OF OUR FY20 MANUFACTURING SUSTAINABILITY GOALS
- 04** OUR APPROACH
- 05** BUILDING MORE SUSTAINABLE PRODUCTS
- 06** OUR PEOPLE AND COMMUNITIES
- 08** ENVIRONMENTAL INITIATIVES
- 09** ABOUT THIS REPORT



# Letter from Our President and Chief Operating Officer

When fiscal year 2020 began, we never imagined where it would lead us. The COVID-19 pandemic has changed daily life for all of us and taken a significant human and economic toll on the world. Global civil unrest following the tragic death of George Floyd emphasized that we have more to do in support of social justice everywhere. This year, more than any in recent memory, we've been reminded about how connected we all are and our shared responsibilities to one another and our communities.

As we navigate these unprecedented times together, upholding our sustainability commitments is one way we can make a difference today, and for future generations.

In fiscal year 2020, Bose continued to make progress in our sustainability practices thanks to the passion and dedication of our employees. For example, our manufacturing plant in Tijuana, Mexico, achieved its sustainability goals of reducing energy use and waste for the third consecutive year. We completed the first phase of our effort to voluntarily remove potentially concerning substances from our products and packaging. Employees globally stepped up to take the lead in identifying and implementing opportunities and organizing initiatives for their local communities.

In response to COVID-19, we took decisive steps to protect and support our employees, including enacting work-from-home guidance for those who could do their jobs remotely and furlough policies where possible to help bridge the gap and extend benefits for those who couldn't. We also shifted much of our corporate giving focus to support COVID-19 relief efforts.

In response to social injustice, we spoke up in support of the peaceful protests to protect basic human rights.

These are just a few examples of how we're continuing to apply our sustainability principles into the way we work, and there are many more like them included in this 2020 sustainability report update. As you read through it, you'll see why I am so proud of the steps we took last year in our journey – and especially proud of the talented, passionate people at Bose who made it possible.

Sincerely,

**JIM SCAMMON**  
**PRESIDENT AND CHIEF OPERATING OFFICER**

**AT A GLANCE:**

# Fiscal Year 2020 (FY20)

## OUR COMPANY

**ANNUAL SALES:**  
\$3.6 Billion (USD)

**WORLDWIDE EMPLOYEES:**  
8,000+

**COMPANY HEADQUARTERS:**  
Framingham  
Massachusetts, US



## HEALTH AND SAFETY

**INCIDENT RATE**

**2.3**

Total incidents per 200,000 person-hours

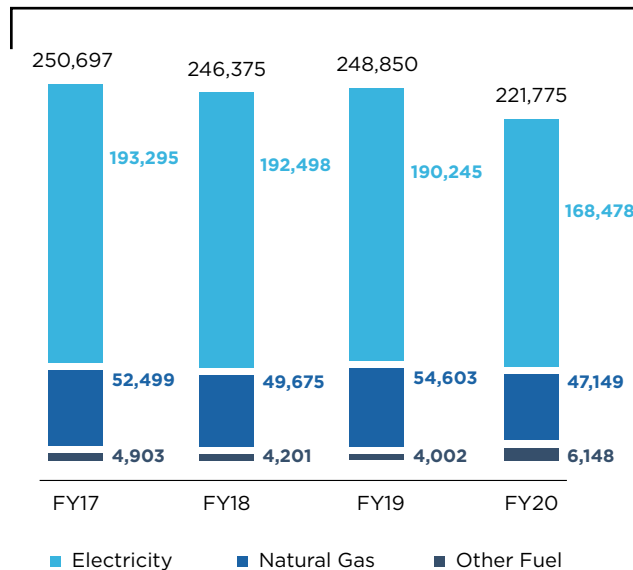
**DART RATE**

**0.4**

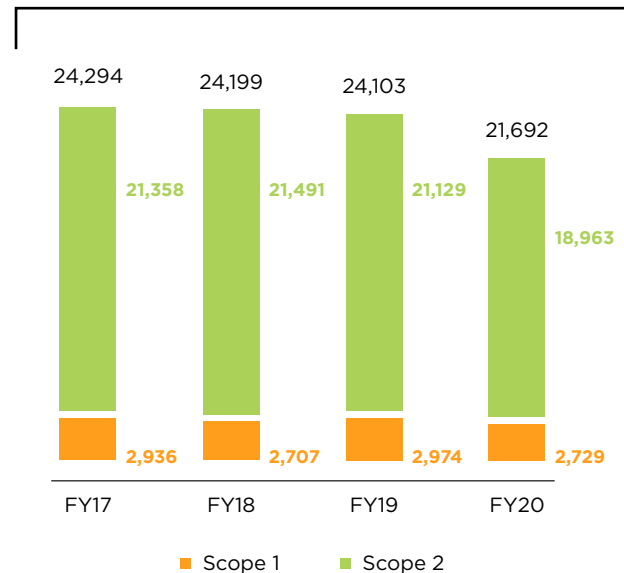
Total days away, restricted or transferred (DART) incidents per 200,000 person-hours

## ENERGY AND CARBON

**Energy Use at Major Facilities (GJ)**



**Carbon Emissions at Major Facilities (Tonnes CO<sub>2</sub>e)**



**Energy and Carbon Intensity Across Major Facilities**



In FY20 our energy use and carbon emissions declined as a result of efficiency initiatives being implemented across the company, a mild winter, and facility closures in March 2020 due to COVID-19.

See page 9, About This Report, for details on the scope and boundaries of our energy, carbon, and health and safety data.

# Results of Our FY20 Manufacturing Sustainability Goals

In 2017, Bose's manufacturing operation in Tijuana, Mexico, established a set of sustainability targets for FY20. We're pleased to share the results.



## PEOPLE MANAGEMENT

Bose's Global People Management Initiative (GPMI) runs a three-day Foundations Workshop that provides skills and tools to help our managers lead high-performing teams. By the end of FY20, 94.4% of Tijuana's managers had completed the training, missing our 95% target only because COVID-19 closures postponed the final session. We expect to achieve the target next year.



## COMMUNITY

Eight years ago, our Tijuana plant launched the 80 Cent Campaign, through which employees can donate a small amount from each paycheck to help others in their communities. This year, employee contributions secured 625 medical treatments at a local children's hospital, provided 310 mental health sessions for employees and their families, and helped pay utility bills at the local El Refugio nursing home, which houses over 200 low-income seniors.

GOAL	STATUS	FY20 RESULTS
Increase people management training participation from 84% to 95%	 ALMOST ACHIEVED	94.4% of managers completed the people management training

GOAL	STATUS	FY20 RESULTS
Increase the number of people that benefit from our community programs by 50% (FY17 Baseline)	 ACHIEVED	50 times as many people benefited from Tijuana's community programs compared to FY17

Reduce energy consumption by 6% per unit produced (FY17 Baseline)	 ACHIEVED	Our Tijuana facility reduced energy use per unit by 11.6%
---	--------------	---

Increase our waste recycling rate* from 91% to 95%	 ACHIEVED	We achieved a 95.2% recycling rate at our Tijuana facility
--	--------------	--



## ENERGY

Tijuana's air conditioning system accounts for a large portion of the plant's overall energy use. In FY20 we focused on optimizing this system, adjusting settings depending on occupancy and flow of people. Additional smart lighting and exhaust system projects built on prior work completed (e.g., upgrading insulating ovens and improving compressor performance) to help the facility achieve its goal.



## WASTE

Long focused on waste reduction, Tijuana turned its attention this year to our canteen, which had one of the facility's largest remaining waste streams. Foam cups were completely replaced, first with compostable cardboard, then with reusables once the canteen scaled up its dishwasher capacity. Tijuana also cut office waste by removing personal waste baskets and replacing them with communal recycling stations where employees can easily separate waste, cardboard, paper, and plastic.

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

## BOSE'S COMMITMENT TO SUSTAINABILITY

Our founder, Dr. Amar Bose, wanted his company to be a place 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. The goal of which is 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 recognizing the interrelationships between our business, environment, people, and communities, we create a culture that engages and motivates our employees, attracts the best new talent, and brings greater efficiency to our operations. We've always been about using innovation to deliver real customer benefit, and today sustainability is part of that innovation, helping people feel more, do more, and be more.

### 3 PILLARS OF SUSTAINABILITY



## 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 with the establishment of a long-term strategic framework that encompasses three pillars of sustainability: environmental, social, and economic. Today, we 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.

We continuously strive for greater organizational engagement and alignment around sustainability, with the intention of integrating sustainability into business

decision-making across the company. Sustainability considerations are integral to the annual strategy-planning process for our global supply chain and manufacturing functions. At our facilities, more and more of our employees are stepping up to take the lead in identifying and implementing sustainability opportunities, as well as in organizing initiatives for their local communities.

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.

### 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

The joy and challenge of innovation have always been Bose's heart and soul, and today we know innovation in products and sustainability go hand-in-hand. That's why we're pushing forward, creating new technologies that delight our customers, deliver greater efficiency and less waste, and bring real benefit to individuals and society.

## **BOSE FRAMES: A NEW WAY TO LISTEN**

Bose Frames are the whole package: part premium sunglasses, part wireless headphones. Bose Frames direct sound into the ear from speakers in their arms, giving a discreet, immersive audio experience while allowing users to stay in touch with their surroundings.

While designed for everyone, Bose Frames are a game-changer for blind and low-vision individuals. The combination of crystal-clear sound and environmental connection gets even better when paired with the personal assistance services provided by Bose's partner, Aira. By using their smartphone and Bose Frames, the visually impaired can safely communicate with an Aira agent who can assist remotely - for example, by navigating them through public spaces like airports and subways. For anyone with vision challenges, it's life changing.



## **RESPONSIBLE SUPPLY CHAIN**

To expand our sustainability commitment across our ecosystem, Bose is continually improving our responsible supply chain practices. In FY20, we obtained self-assessments from suppliers comprising 80% of our direct spend, which reinforced our understanding that there is low social compliance risk in our supply chain. This and other efforts also allowed us to boost our membership status with the Responsible Business Alliance (RBA), an industry coalition dedicated to corporate social responsibility in global supply chains. This past year, we also trained our global supply chain representatives to recognize signs of forced labor, improving our capacity for on-the-ground monitoring.

## **VOLUNTARY SUBSTANCE REMOVAL**

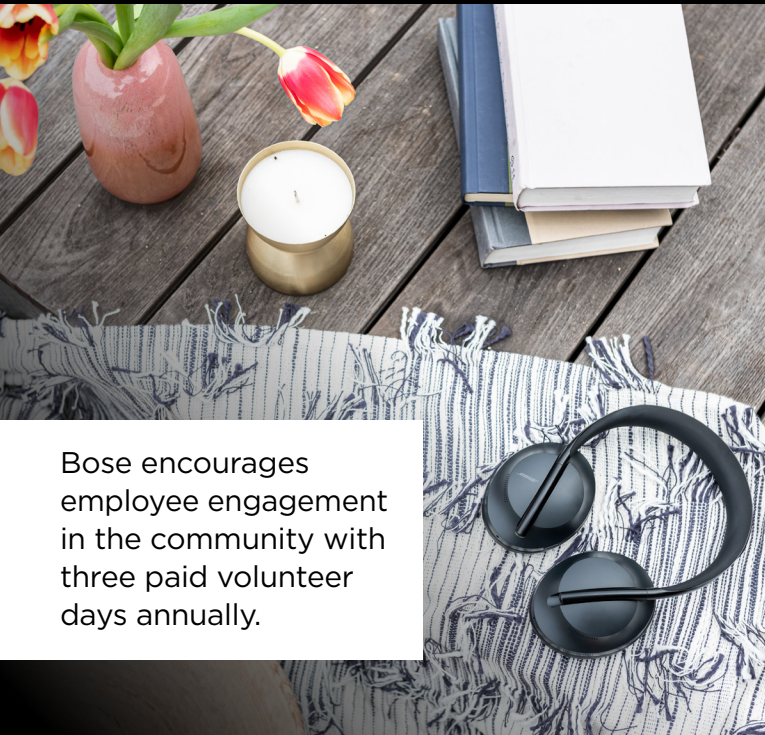
Manufacturing materials are always under the microscope, with research sometimes identifying new safety concerns or greener substitutes. As part of our commitment to using the safest materials in our products, Bose has created a new Voluntary Substance Removal (VSR) process to proactively remove specific substances that are of concern to our stakeholders. VSR uses a structured approach that considers risk, substitute availability, and implementation feasibility.

We've successfully completed the elimination of Polyvinyl Chloride (PVC) and Halogenated Flame Retardants (HFR) from the exterior of all new products and their packaging launched after April 1, 2020,<sup>1</sup> and are in the process of assessing additional substances and use cases.

<sup>1</sup> Applies to all Bose Consumer Electronics, Professional, Health, and Aviation products except in instances where local regulations require particular substances.

# Our People and Communities

This year, we've all been reminded how much we rely on each other and how important it is to foster community. At Bose, that commitment to interconnectedness was established by our founder, and today we honor it by offering our people an engaging and supportive work environment where they can thrive.



Bose encourages employee engagement in the community with three paid volunteer days annually.



## CORPORATE GIVING PROGRAMS

Bose has a long history of donating our products to bring comfort to individuals and support charitable organizations' efforts to help those in need. In FY20, we went further by launching Sound Sanctuary, an ongoing, web-based charitable campaign that connects us directly with people in need. Individuals can send their stories and explain how a Bose product could change their life or help another. From the hundreds of entries, thirty are chosen each month.

As COVID-19 exploded across the globe in early 2020, we decided to focus Sound Sanctuary on helping front-line healthcare workers and other first responders. We believe our audio products can give these heroes some peace between shifts, improve communications between staff, and comfort patients during recovery.

COVID-19 also prompted a temporary reorientation of our partnership with relief and development organization AmeriCares. In response to the COVID-19 pandemic, Bose is funding AmeriCares' efforts to protect and support frontline health workers with personal protective equipment (PPE), training, and emotional support so they can continue their lifesaving work.

## EMPLOYEE-LED GIVING

Bose helps people globally through our innovative technology, but we also engage in more direct outreach to those in need. In FY20, Bose employees across the world went out of their way to give back. Below are just a few highlights.

Our Massachusetts employees have a long history of supporting the March of Dimes. In FY20, teams of Bose employees participated in the **March for Babies** in both Boston and Worcester, raising over \$20,000 for the organization through a combination of employee fundraising and corporate match.

As COVID-19 landed in late FY20, our employees used the **Bose Gives** platform to fund charities supporting the crisis response, securing a corporate match for their individual donations.

In China, 20 volunteers from the Bose Operations Center in Shenzhen visited a local **senior center** to support and uplift the residents through song, dance, and other interactive activities.



## A MESSAGE FROM PRESIDENT AND COO JIM SCAMMON

Over the last several days, each of us has experienced outrage over the senseless killing of George Floyd. You've taken time off to peacefully protest, you've checked in on each other, listened to each other, and most importantly, you've made sure that no one at Bose is suffering alone.

As a multi-national company, we live and work all over the world. Collectively, we represent every race and ethnicity. But what's happened is rightfully felt most acutely by our Black employees, customers, partners, and their families.

I'm asking all of you to push through any hesitation you have to ask for help or offer it. I'm asking that you use this tragedy to be unafraid to have difficult or awkward conversations about our differences – not to resolve them but to learn about each other and use them for good.

If thousands of Bose employees turn towards this movement and make a personal, permanent change, big or small, we'll have done something that matters more than our products ever could.

You won't be alone on this journey. We're going to continue the work we've already started to build a more inclusive company. We're going to be honest with ourselves about the progress we're making. And we're going to measure it by what we do – not what we say.

With great support, Jim

This message was shared with all Bose employees and publicly via social media. In addition to our internal efforts, we're making donations to organizations doing important work to create systemic change.



### OUR VALUES, OUR ACTIONS

Respect and integrity have always been part of Bose's [Essence and Values](#), the qualities that make up the bedrock of our culture. This foundation is helping to shape our response to the global civil unrest following the tragic death of George Floyd. We've come together as a Bose community to help support each other and respond to social injustice in various ways, including donations and paid volunteer time.

But it's clear there is much more to do if we want to realize systemic change. As we continue to build a more inclusive company, our values will be a North Star for a more just future.



## Environmental Initiatives

The argument for sustainability is in the word itself: doing business in a way that helps companies survive and thrive in a changing world. That means operating efficiently, like our Tijuana plant, which has improved its energy efficiency and achieved a 95% recycling rate. It means doing the work to understand our products' impacts, then making improvements. As our half-century of innovation proves, we can always find new ways to do better.

### **SUSTAINABLE ENERGY USE**

Bose knows that achieving increased energy efficiency and transitioning to renewable sources are key steps in becoming a sustainable society, and we're taking action to support these objectives.

In 2018, a 1.7 MW solar array was brought online at our headquarters in Framingham, Massachusetts. It's a visible symbol of our sustainability commitment, and also a sensible one: Through a power purchase agreement, the system brings enough electricity onto the grid to power a substantial portion of the Framingham campus, helping Massachusetts meet its renewable energy goals.

In 2019, a motivated employee at our European Distribution Center (EDC) in Tongeren, Belgium, identified an opportunity to purchase renewable energy for the facility from a local provider. Today, 100% of EDC's electricity needs are supplied by renewable sources, and we've avoided 243 Tonnes of CO<sub>2</sub>e as a result.

To build on these successes, Bose recently conducted a comprehensive analysis of our worldwide corporate energy use and is developing a strategy for boosting operational efficiency going forward.

### **RECYCLING: FRESH IDEAS, LESS WASTE**

Sticking with what you know is easy. Making real change takes heroes. At Bose, we are lucky to have employees who are motivated to shake things up and become drivers of our sustainability achievements.

That's what happened recently at our warehouse in Tolleson, US, where one employee believed we could reduce the amount of recyclable material going to landfill. Leveraging her Six Sigma Green Belt training and a personal interest in sustainability, she researched the technical and logistical factors affecting the facility's waste stream and engaged with multiple vendors to find potential solutions. Through this employee's efforts, Tolleson identified recycling opportunities for plastic wrap, shipping pallets, and breakroom waste, boosting its recycling rate by 35%.

By sharing the learnings from this kind of experience with other facilities, one person's efforts have ripple effects across a whole ecosystem. That's real change, from the bottom up.

# About This Report

Thank you for reading Bose's 2020 Sustainability Report Update. This report covers key activities and accomplishments of Bose Corporation during our 2020 fiscal year related to environmental protection, social responsibility, and economic progress.

## **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. Our most recent full report was published in June 2019. 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.

## **REPORTING PERIOD**

This report covers Bose Corporation's 2020 fiscal year (FY20), the time period from April 1, 2019 through March 31, 2020.

## **REPORTING SCOPE AND 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 supplier- and 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.

### ***Health and Safety***

Data boundaries for health and safety metrics reflect major facilities that were under Bose's operational control at any point in FY20, as well as U.S. retail stores and field sales.

### ***Carbon Emissions and Energy Consumption***

Data includes all major facilities under Bose's operational control at the end of FY20, excluding retail stores. 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 CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

***BOSE***