

Sustainability report 2022

Bringing life to sound

Our commitment to the world is to bring life to sound. For us, this means putting people and planet first.

This mission comes with a great responsibility: to take on industry challenges and contribute to making the industry more sustainable. 2022 was dominated by change, with the world, society and business facing unprecedented challenges. It also brought a wave of new stakeholder expectations, among them upcoming sustainability reporting regulations.

At Zound, we welcome the new reporting requirements and are in the midst of preparing to report in compliance with upcoming EU regulations. The way we see it, this will facilitate our ambition to put sustainability at the centre of our overall strategy and address key questions such as:

How do we act responsibly to source materials and produce products in regions with limited awareness of health risks and workers' rights? How do we respond to the fact that the electron-

ics industry leaves a heavy environmental footprint, and that e-waste is one of the fastest growing waste streams on the planet?

Progressive, long-term action is necessary. Our work is guided by principles such as innovation – turning challenges to opportunities; accountability – to perform towards our goals; transparency – sharing learnings and data; inclusivity – representing everyone's voice; and collaboration – to engage with our stakeholders and peers across the industry.

We are committed to doing the right thing and pushing ourselves towards sustainable growth. We don't have all the answers. What we do have is a team that works tirelessly to figure them out. This report looks at what we achieved on this exciting and ongoing journey in 2022.



Our ambition

We want to play a key role in pushing our industry towards circular, emission-free and responsible practices across the value chain. Our ambition is to make that role ours by making audio electronics from harmless materials that are built to last and made for repair and recycling.

In many ways, moving towards more circular operations requires rewiring the system of how audio electronics are made. The way we see it, this cannot be done without prioritising sustainable resources in the research, design and sourcing stages. It also depends on a sustainability strategy and governance structure that is regularly revisited and updated to support efficient operations in line with updated policies and goals. Lastly, we also need to comply with international reporting frameworks.

Progress highlights of 2022

Committed to halve our emissions by 2030 and drop to net zero by 2040 in line with the Science Based Targets Initiative

100% of Tier 1 manufacturers part of our Supplier Development Programme

Halogen-free PCBA as standard in new designs

Recycled plastic as new standard in our products: 100% all products launched in 2022 used recycled plastic

Our road to zero

Carbon footprint

The climate crisis is threatening ecosystems and livelihoods around the world. At Zound, we listen to scientific evidence and recognise that human activity has resulted in the overshoot of several planetary boundaries. We acknowledge the urgency to act. In 2022, we joined the UN Race To Zero Campaign and committed to Science-Based Targets to halve our emissions by 2030 and become a net zero company by 2040.

Mapping our impact

The largest proportion of Zound's CO2eq impact comes from the materials used in our products and production (64.6%). Since 2019, our Product Sustainability team has implemented recycled material alternatives in our products to lower our impact. We are currently developing data systems that will allow us to measure the impact of these changes and increase the accuracy of this data. Improving how we estimate our materials emissions will also help us compare impacts of different materials, thereby allowing us to make better decisions that will help us achieve our ambitions.

The second largest source of emissions is associated with the energy needed to use our products (26.8%). Due to the high impact that this category represents, we are working to improve the certainty of our estimates. This involves better measurement of the power consumed by our equipment in its different states,

which would also help us to keep track of changes in the performance of our products. It also requires us to and better understand the usage habits of our consumers.

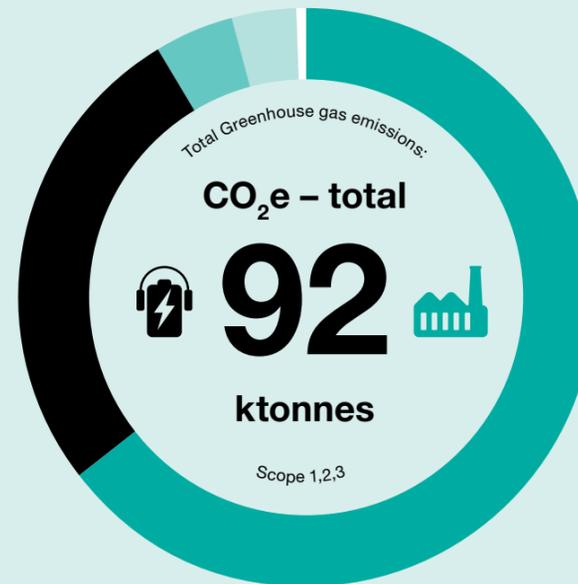
In the past, we have not included the CO2eq emissions associated with the final disposal of our products due to a lack of quality data. In 2022, we estimate this figure to be around 4.6% of the total, making this category the third largest source of emissions. We still need to improve how these measurements are calculated. Knowing more about what happens to our products once their service life has come to an end will help us better estimate emissions associated with waste management and presents us with an opportunity to evaluate and develop circularity programmes that will support equipment recovery and recycling.

Our fourth largest source of CO2eq is associated with transports of our products (3.7%) from which Zound controls 91%. The utilisation rate of transports that we control is high due to consolidated orders and transfers between our local warehouses. In 2021 and 2022, we optimised our supply chain by relocating our local warehouses in US and EU.

While the largest share by weight of Zound controlled transports was by sea or road in 2022 (90,6%), transport by air (2.4%) represented almost half of emissions (46.2%). Going forward, we will focus on analysing and improving our internal planning to minimise the need for air transports in the short term and stay on top of new technologies to replace the need for fossil-based fuel in all transports in the long term.

Sustainability has been part of our journey since we started, but right now we're in the process of adding structure to our start-up mentality of getting things done. In 2022, our sustainability team staffed up with more specialised knowledge and worked on updated strategies and a new governance structure that will help us reach net zero by 2040.

Emelie James, Sustainability Manager



2022	Unit: tCO ₂ eq
Raw materials and manufacturing	64,6%
Product energy usage of products	26,8%
End-of-Life Treatment	4,6%
Logistics and distribution	3,7%
Other	0,3%*

* Other: Business Travel 0,15%, Greenhouse gas emissions Scope 2 (indirect emissions) 0,08%, Employee Commuting 0,04%, Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 0,02%, Greenhouse gas emissions Scope 1 (direct emissions) 0,01%

As we design and develop our products and packaging in-house, but outsource all manufacturing, our Scope 1 and 2 emissions represent less than 1% of our emissions. Our head office and 70% of our employees are based in central Stockholm, Sweden. The office uses 100% renewable electricity, and its heating and cooling is powered by waste incineration. Other emissions associated with our employees, such as business travel, commuting and office appliances purchases, are also comparatively low.

Mode of transport	weight % of total	CO2 % of total
Air	2,4%	54,3%
Sea	50,1%	29,0%
Road	47,5%	16,7%

Calculating our impact

Since 2019, we have calculated our carbon emissions impact based on the Greenhouse Gas Protocol (GHG) on an annual basis by using a combination of primary and secondary data. We adopt a comprehensive approach and report all our direct emissions (Scope 1) as well as our indirect emissions (Scope 2 and 3).

We work continuously to improve data quality and methodologies to help us make better choices in our operations and in our product design, and to share more precise and comparable data with our stakeholders.

Our GHG calculations are complemented by ongoing Life Cycle Assessment (LCA). This type of analysis will help us make better internal decisions to reduce our impacts and is a tool to increase transparency and improve communication with our consumers.

Chemicals

The impact of chemicals on people and the environment is an urgent issue and managing the control of chemicals through our complex supply chain requires constant attention.

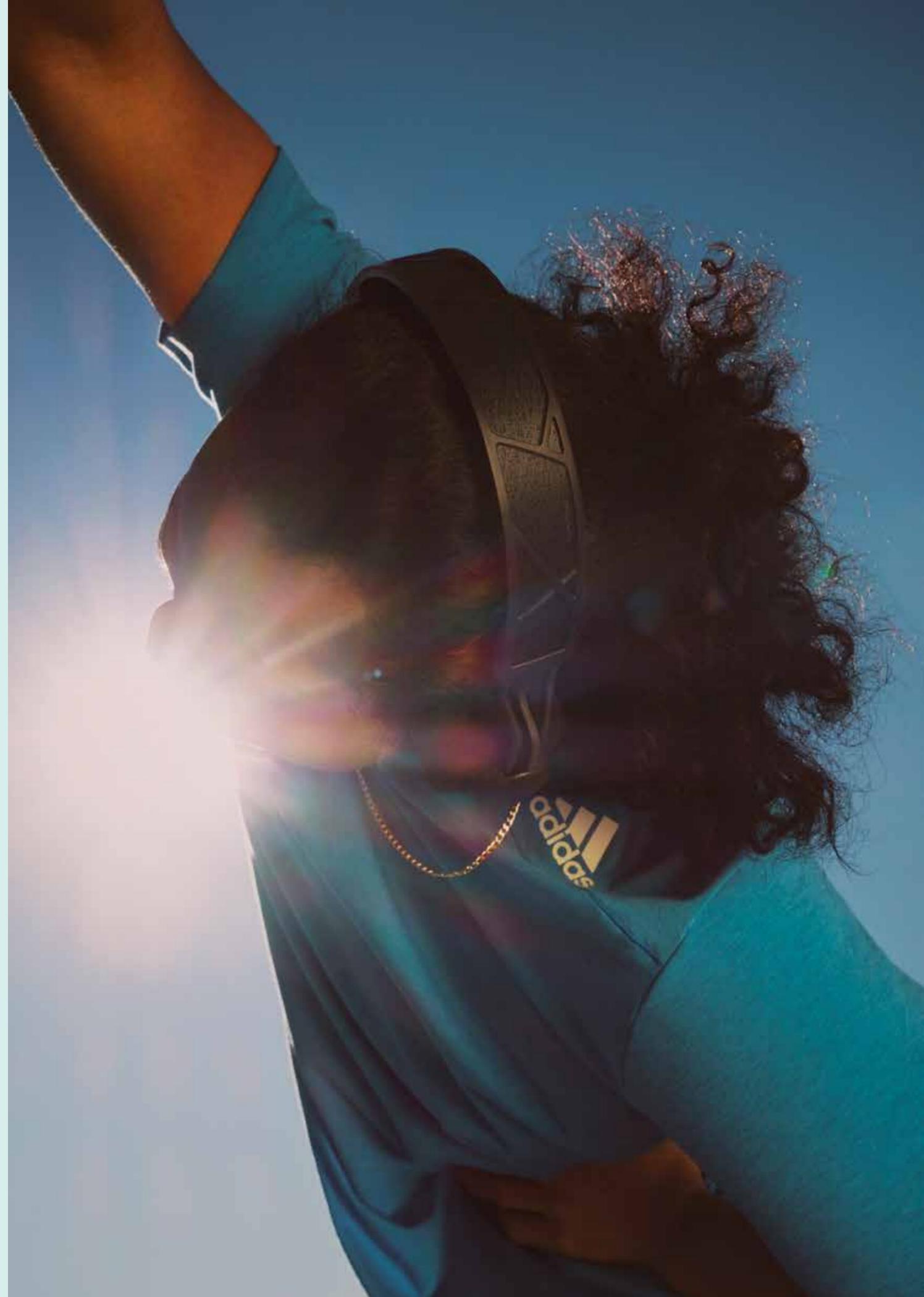
Our ambition is to go beyond compliance with chemical laws and regulations to minimise the negative impacts throughout our value chain, and to promote more progressive legislation on chemical management.

This involves continuously evaluating materials and chemicals used in our products and sourcing better alternatives. Collaboration with our Tier 1 manufacturers is an important part of these efforts. We want to design products that avoid the need for hazardous chemicals such as “forever chemicals” and processed chemicals that could be harmful to the environment. We also want to ensure material integrity, so that the materials we use are suitable for recycling and reuse. We work towards enabling the transition to material circularity.

100% of our Tier 1 manufacturers are contractually bound to follow our Restricted Substances List. To ensure compliance and safety, we conduct chemical testing of all our products in third-party laboratories. We also share information about chemicals with our customers. So far, we have eliminated harmful substances such as mercury, brominated flame retardants and phthalates from all our products and banned perfluorinated substances PFOA and PFOS.

Progress in 2022

- Joined Chemsec’s PFAS Movement and started the process of phasing out PFAS chemicals.
- Industry partner in RISE “POPFREE Industry” planning project, which aims to build a competence centre for a circular and PFAS-free industry.
- Halogen-free PCBAs (the multiple electronic components assembled on the circuit board) as standard in new designs.



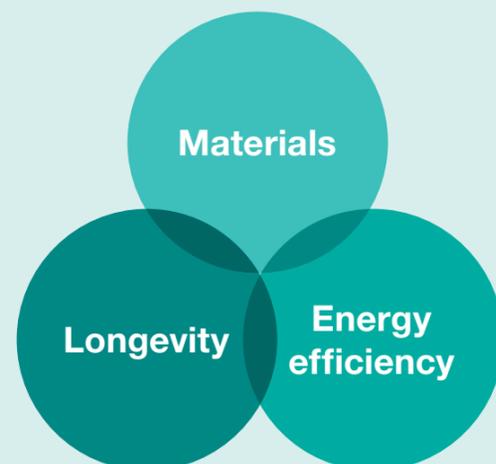
Designing for circularity

Design is our passion, and we believe designing circular products is our most important way to contribute to a more sustainable audio electronics industry.

Our ambition is to innovate so that our operations can be characterised by circularity and longevity at every level – from substances and materials to components and systems. We are committed to reducing the environmental footprint of our production processes and the use of our products and ensure that our products last longer.

From early in each concept phase, we work with circularity competence across departments to identify opportunities to design with increased lifetime and circular capabilities in mind. These efforts incorporate durability, reusability, upgradeability, reparability and recyclability at the design stage. It's about making responsible material choices, maximising energy and resource efficiency, and ensuring product performance and safety. It also entails a close relationship with our manufacturing partners. Together, we set clear targets, innovate, and implement solutions.

We have identified three key areas to designing circular products: Materials, Longevity, and Energy Efficiency.



Our design expression is driven by purpose. We always consider how our products are used and loved. We make Zound products unique by adding simplicity and timelessness. Today, circularity is also a key aspect of what we do. We want to ensure that our products can be used for longer and that the materials contained in them become part of a circular system.

Julia Lundmark, Sustainable Design Manager

Materials

Our ambition is to use 100% recycled or renewable materials. Choosing such materials, and ensuring they are recyclable at the end of each product's life cycle, will help us lower our impact and ultimately close the circle.

Work in this area begins with understanding our impacts with the help of life cycle assessments (LCAs). Using insights from LCAs, we replace materials where we can and push for new solutions where our impacts are at their greatest and where we can make the most impactful transitions. We also take steps to confirm the validity of our materials through certifications and traceability in the supply chain.

Electrical components

In terms of electrical components, a lot still needs to be done to reach material circularity. The main part of our footprint today is associated with electrical components. They are packed with finite minerals and metals that can cause environmental disruption and involve energy intensive processing that poses health risks. Electrical components are to a large extent pre-defined in each industry, making them more complex to address. This issue will top our agenda in the coming years.

Progress in 2022

- All products launched in 2022 were manufactured using recycled plastics. Recycled plastic content varied from 56% to 97%. We use a post-consumer recycled construction plastic (PC or ABS), certified by the Global Recycle Standard (GRS). To make this plastic, our suppliers use controlled streams of used electronics, car light shields and water bottles. This also makes it possible to produce products in a rainbow of colours. *Excluding plastic in electronic components.
- New recycled materials were introduced: Recycled PVB vegan leather made from car windscreens for the best-selling Marshall speakers Homeline III and knitted nylon textiles used in the adidas RPT-02 SOL headphones.
- All products launched in 2022 were PVC-free.
- Our Responsible Material Guide was implemented to support the Product Development Team in making the best material choices.

Product Case:

Urbanears Boo RAW

Boo by Urbanears

Urbanears offers a wide range of colours of products made from recycled plastic. In June 2022, Red Dot Design Award-winning Boo and Boo Tip were launched in the Raw colour scheme – without any colour pigments or coatings – to minimise chemical use and preserve their integrity for future recycling. The result is also slightly transparent, which means that you can see the electronics through the plastic.



Urbanears Boo and Boo Tip, made with 97% recycled plastic and 91% recycled plastic respectively, are available in the Raw colour scheme. They also feature plastic-free packaging and Eco-Charging. 56% of Boo consists of plastic, of which 97% is recycled (excluding plastic in electronic components).

Longevity

We design for durability. For us, this means making human-centred products – timeless but still unique – that last longer and match our users' needs.

To make sure our products retain value for as long as possible we need to design with longevity and adaptability in mind. If anything was to happen to a product, it needs to be easily repaired. And when a product has reached the end of its life, components and materials need to be recyclable.

In all new product projects, we work in cross-functional teams to set clear ambitions on durability, upgradability, repair, modularisation and recycling depending on the purpose of the product and user scenarios. We deepen our knowledge in the area by performing internal research sprints and participate in various external research projects on longevity.

In recent years, we have focused on improving battery life. Battery capacity is among the most common factors that limit product lifetime. We collaborate with our battery suppliers to find the most suitable battery setup and features for longevity. Since 2021, all our true wireless headphones have Battery Life Extension features.

Battery focus

Battery lifetime depends on many factors, charging behaviour being one of the most important. Batteries don't like extremes: not too warm, not too cold, not too low, not too high. To help our consumers extend the lifetime of your batteries, we have set an upper limit of 80-90% of full capacity in our true wireless headphones. We call it Battery Life Extension, and according to our battery suppliers' tests, this feature can prolong battery life by a factor of two or three.

Progress in 2022

- Introduced guidelines to support our organisation to design for repair and recycling.
- Eco-Charging as standard in all true wireless products.
- Replaceable battery in Marshall portable speaker Middleton, a result of efforts leading up to our goal of making replaceable batteries standard.



Energy efficiency

The energy needed to charge and play our products is the second most significant contributor to our carbon footprint. Bringing quality sound to our customers, while at the same time increasing overall energy efficiency poses a challenge. We believe in a system approach, simultaneously working on increasing the energy efficiency of our products, understanding and analysing consumer behaviour and staying on top of innovative ways of influencing customers' energy sources.

Our ambition is to minimise power consumption in our speakers in all modes, make our software more energy efficient and choose hardware components with power-saving features. We also want to innovate how we encourage our consumers to charge their devices with renewable energy.

Progress in 2022

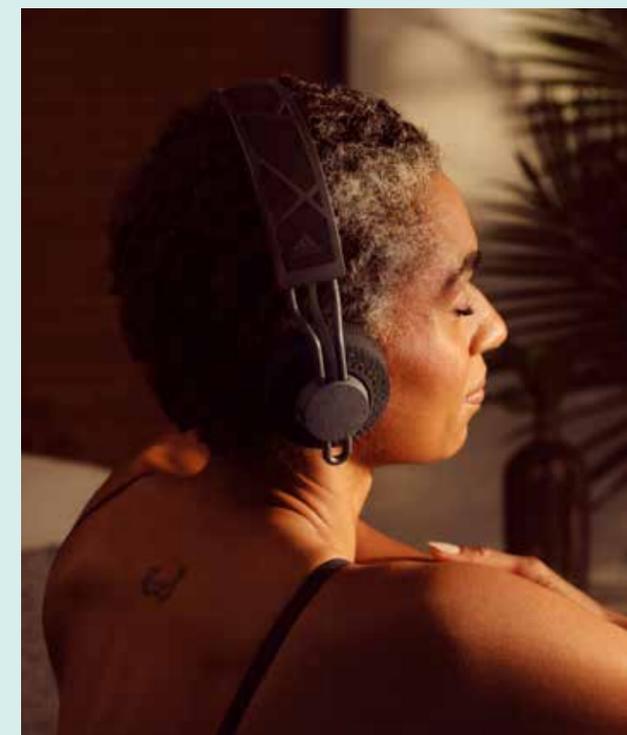
- Self-charging adidas RPT-02 SOL with a Powerfoyle™, see product case.

Product case:

Powered by light

adidas RPT-02 SOL

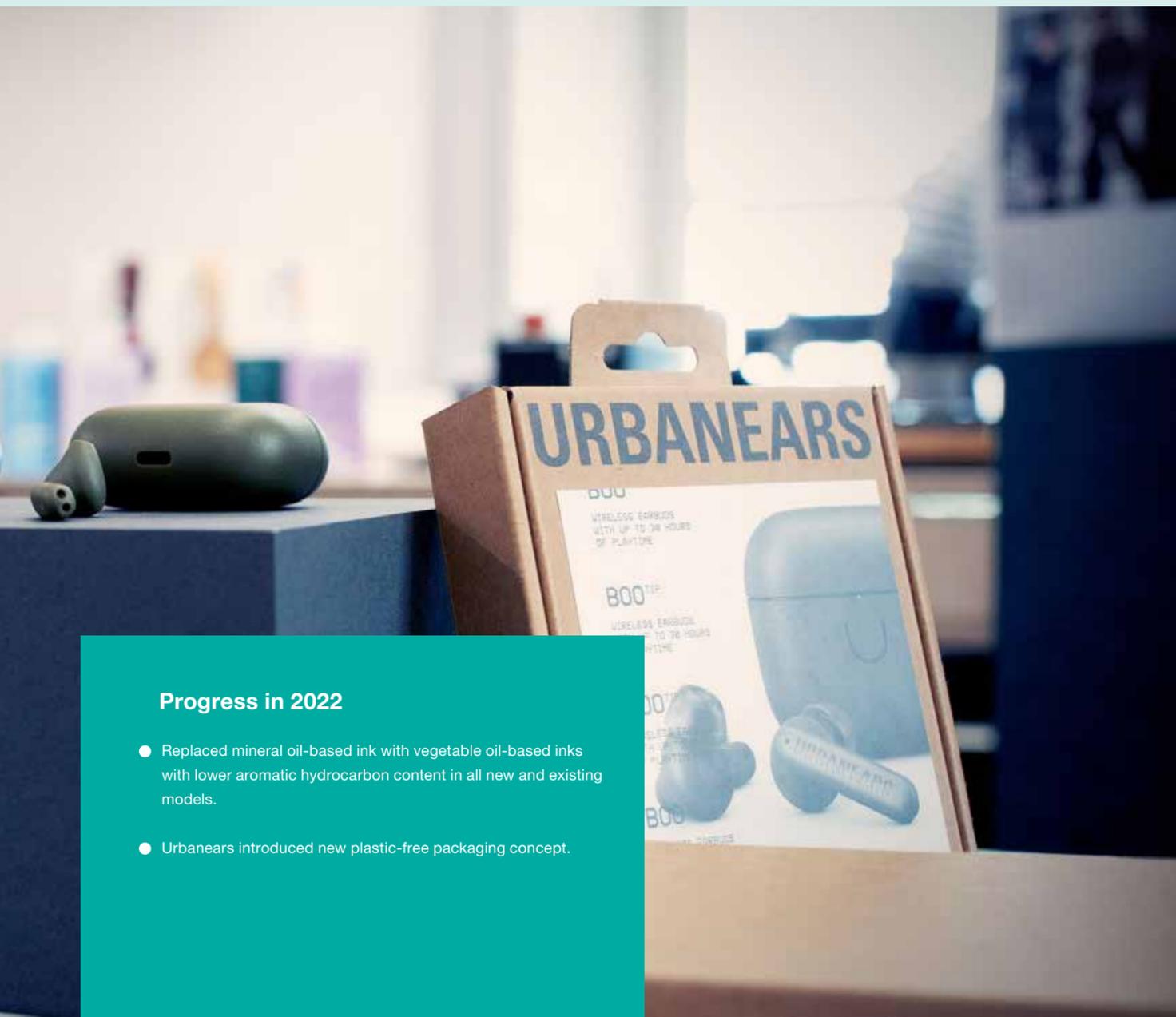
In 2020, we released adidas durable workout headphones RPT-01. For the next update, we wanted to keep their "best in class" durability and add more sustainability aspects into the design. adidas RPT-02 features Exeger's Powerfoyle™, a ground-breaking light cell material that converts all forms of natural and artificial light into battery life. By innovating and working closely with the Exeger team, for the first time we can use a product to encourage our consumers to use green energy.



adidas RPT-02 features a light cell material that converts light into energy. It also features washable and removable parts and is made of 51% recycled plastic. *51% of the product consists of plastic of which 87% is post-consumer recycled plastic (excluding plastics in electronic components).

Packaging

Packaging is an important part of all our products. At Zound, our Packaging Design team makes sure that our headphones and speakers are protected and presented in the best way. We aim to minimise the environmental impact of packaging by optimising size and weight, using materials from renewable or recycled sources, and slowly, but surely, designing out plastic.



Progress in 2022

- Replaced mineral oil-based ink with vegetable oil-based inks with lower aromatic hydrocarbon content in all new and existing models.
- Urbanears introduced new plastic-free packaging concept.

Responsible sourcing

Audio electronics often include a large number of components and thus are the products of complex supply chains. This implies challenges in terms of human and environmental health. Responsible material sourcing means asking for environmentally preferred materials – renewable or recyclable – while at the same time protecting workers' rights and health.

We know that making our entire supply chain transparent relies on close collaboration with our Tier 1 manufacturers. By working closely and on a long-term basis with a selected number of manufacturers who share our values, while at the same time maintaining a high presence at our factories, we can raise standards together.

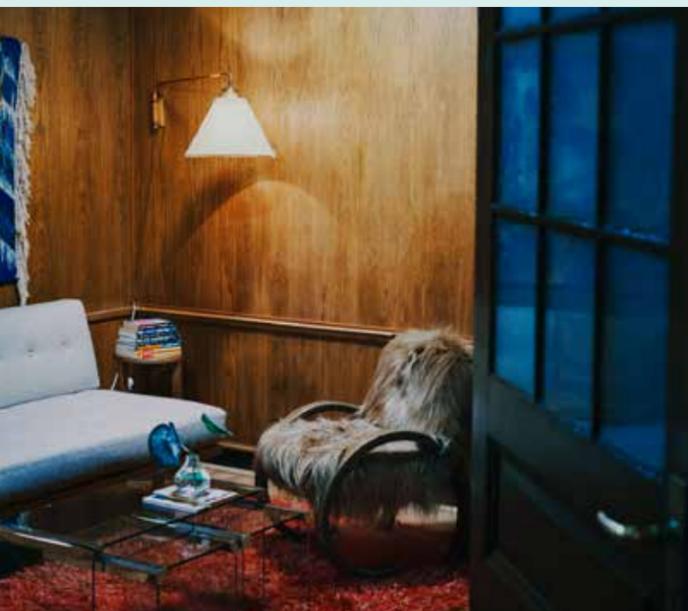
As we progress in this field, we are guided by universally recognised declarations, conventions and guidelines such as the Ten Principles of the UN Global Compact and the International Labour Organisation's eight fundamental conventions, as well as our own internal standards. Our ambitions for and requirements of suppliers are summarised in our Supplier Code of Conduct,

which is available on our website here. We regularly update this document on issues such as management, labour and human rights, health and safety, environment and ethics.

In 2022, legal and customer requirements concerning human rights and forced labour increased, and we addressed this by risk assessments and by increasing our knowledge of human rights due diligence. This important work will continue in the next year.

2022 was the year we successfully improved conditions at our Tier 1 suppliers and deepened our collaboration with several material suppliers. We are proud to have started to improve our understanding at Tier 2 suppliers, despite setbacks like having to postpone audits due to Covid-19 related travel restrictions. This paves the way for us to increase our knowledge of and throughout our supply chain.

Anna Forsgren, Product Compliance and Sustainability Manager



Supplier development program

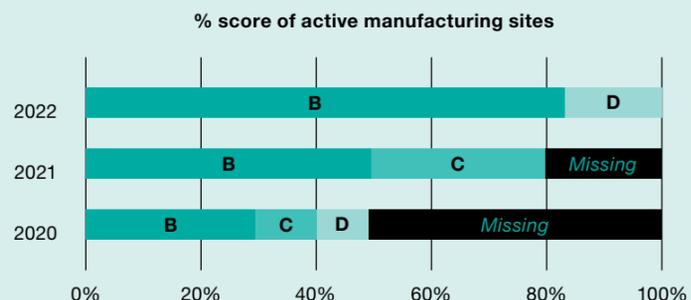
Since 2019, we have run our Supplier Development Program. Through the program, we engage closely with our active Tier 1 manufacturers with the help of local trained and certified personnel, to ensure a minimum standard of responsible practice and understanding. In the program, we assess and audit active and potential manufacturing partners, maintain quarterly dialogues with sustainability or sourcing managers, and provide training on our Supplier Code of Conduct. Three years after the program's introduction, we see a positive response in labour conditions at our Tier 1 manufacturers and a general willingness to work actively with sustainability related issues and advances in responsible sourcing programs.

Audits

Auditing across the supply chain is a way of ensuring that our suppliers act in accordance with the requirements set out in our Supplier Code of Conduct. The audits also allow us to gain insight into our suppliers' practices and track our progress. They increase transparency and help to hold us accountable for the conditions in our supply chain. Audits focus on identified risk areas typical for our industry and our locations. They result in a score from A (highest rating) to D (lowest rating), based on any non-compliance and the severity of these issues. When non-compliance is identified, we follow up and work in collaboration with our suppliers to solve any issues and implement improvements. If this is unsuccessful, we reserve the right to terminate our contract with the supplier.

Since the start of the Supplier Development Programme, the audit scores have been taken into account in our sourcing processes and we have prioritised manufacturers with high scores and shared values. This resulted in the progress we saw in 2022, when 100% of our active Tier 1 manufacturers were audited and more than 83% of our active suppliers were awarded a score of B.

We also conduct third-party audits as a requirement from our stakeholders, namely shareholders and license partners. In the past five years, 100% of our long-term product Tier 1 manufacturers have been audited and approved by a third party. In 2022, we performed six third-party audits at Tier 1 manufacturers.



Material and component suppliers

Zound is committed to improving its understanding of our partners throughout our entire supply chain, but visibility decreases as we dive deeper into the tiers. The immaturity of our industry in this area is evident, and we often meet suppliers who have never been asked about sustainability performance. Transparency and traceability are key focus areas for us, and we are taking steps to share our supply chain. We work closely with our Tier 1 manufacturers and selected material and component suppliers to promote our initiatives and principles further up our supply chain.

Our products are the result of complex supply chains involving multiple components and processes. We are working to extend our audits deeper into our tiers to make our supply chain visible and transparent beyond Tier 1 manufacturers. In 2022, we performed three audits of active or potential Tier 2 Material and Component suppliers. Several planned Tier 2 audits were postponed due to Covid-19 outbreaks.

Progress in 2022

- As a result of our audits, health and safety processes and conditions at our manufacturing partners' sites improved.
- Despite fresh Covid 19-related challenges, we successfully performed the majority of our planned audits for 2022.
- 2022 was the first year all of our active Tier 1 manufacturers participated. 83% of our Tier 1 manufacturers scored above B, compared to 30% only two years earlier.
- Zound joined the Sweden-China Trade Council (SCTC) to deepen our knowledge of business conditions and human rights in China.



Insight: Derek Xu

Derek Xu manages the audits conducted at Zound's current and potential suppliers. This is a key role because it transfers Zound's sustainability values to our suppliers and ensures our suppliers' employees work under safe and fair conditions and that environmental requirements are followed. Zound started its current Supplier Development Programme in 2019, and according to Derek, a lot has happened since.

– The program includes environment, health, safety and social responsibility requirements. Initially, suppliers typically met one or two program criteria rather than all of them. And there's still plenty of room for improvement, says Derek.

2022 was an extraordinary year, with Covid-19 continuing to be an issue for a third year along with a complex global geo-political situation. Derek explains that a mere business trip from Zound's Shenzhen office to a factory in another city was a challenge to arrange. He worked closely with suppliers but had to rely more on video conferences and video documentation instead of face-to-face meetings. Audits had to be suddenly postponed and replanned due to changes in Covid-19 regulations. However, eventually, all audits at existing suppliers were carried out according to plan.

– We were able to maintain work efficiency, which has been highly appreciated. And now, most suppliers show their

willingness to make the effort to meet Zound's Supplier Code of Conduct requirements," explains Derek. There are four scores for the audit result, A, B, C, and D, with A being the highest. Most of Zound's Tier 1 suppliers achieved B in 2022. And a B rating is good," explains Derek.

– A B rating means that a supplier meets most requirements and that there are no issues regarding local policy. The supplier provides a good and safe working environment without using child-, forced- or compulsory labour, there is no discrimination, workers receive their salary on time and so on," Derek says. Zound hopes to introduce the same kind of audits for its Tier 2 suppliers in the coming years.

Zound conducts its own audits to facilitate deeper understanding of every unique situation, figuring out the root of each respective challenge, coming up with the best solutions and monitoring areas of concern on a regular basis.

– We also conduct third party audits through adidas, (Zound has the license to produce adidas headphones). Currently, four Zound suppliers have been audited and approved by adidas and these audits have been conducted by a third-party certification authority. Based on this, Zound is able to ensure that these factories meet internal and universal requirements," Derek adds.

A Zound workplace

Life at zound

Our purpose is to amplify life by humanising tech. Our employees are the most important part of our company. We are focused on building a culture of belonging and an inclusive team that reflects the diversity of the communities we engage with. We bring together people with a variety of perspectives and value the innovation that comes about as these viewpoints intersect. We strive to offer a workplace where our colleagues thrive and develop.

A strong culture needs to be nurtured. Alongside our work to ensure the health and safety of our colleagues, we believe in the benefit of activities that bring our values to life and help strengthen our collective culture. This means creating opportunities that bring colleagues together across geographies and departments, from larger kick-offs to lunchtime seminars.

A welcoming, collaborative and open atmosphere where you can be yourself and where you are free to do things differently – that's the workplace we are creating at Zound. We are a team of talents with various backgrounds from all over the world, committed to challenging the status quo every day and learning from each other. We scale fast and we embrace growth, change and progress. No two days are the same at our offices and it's an amazing and fun adventure to be part of.

Per Thunberg, Head of Talent Development





200 colleagues gathered for an offsite activity in 2022.



30+ external speakers were invited to inspire and share knowledge.



10 ZoundCheck events were arranged, for colleagues to meet and have fun and to promote cross-functional collaboration.



11 WOW of the month were awarded, recognising staff for living our values and a job well done.

Wellbeing

The wellbeing of our employees is fundamental. We believe systematic efforts to promote physical and mental health at work are more important than ever as mental illness continues to increase in society. We aim to foster a culture of wellbeing and equal development opportunities. Everyone should feel safe and free of harassment working at Zound. This commitment goes beyond compliance with local laws and regulations.

In 2021 and 2022, we took our learnings from the rapid transition to a virtual workplace brought on by the pandemic and combined these with our ambition to keep cultural activities going. The result was a flexible model that gives the individual employee more power over their working situation and an opportunity to attend to the question of work-life balance. Our colleagues now decide where to work for the majority of their workdays, and come together at our offices at least four days a month.

Employee engagement

We can't create a great workplace without the involvement of our colleagues. Through annual one-on-one performance reviews with managers and annual Employee Engagement surveys, our colleagues share their thoughts about their roles, teams and Zound as a whole. This provides valuable insights into how our colleagues are feeling in terms of commitment, motivation, sense of purpose, alignment with our goals and their thoughts about our leadership.

The Employee Engagement survey conducted in June 2022 resulted in an Employee Engagement Index of 3.2 out of 4. The areas with the highest results were Work Environment, Product Offering and Quality of Products, Long-Term and Strategic Planning based on Zound strategy, Social Events and Diversity & Inclusion.

Workplace representatives

Zound's Work Environment group has representatives from our headquarters in Sweden and our office in the US. The group supports in creating a good work environment and colleagues can reach out to the group with work related questions, anything from heating system in the offices to social interaction or stress. All interactions are anonymous.

Harassment and discrimination

Zound does not tolerate any form of discrimination or harassment whatsoever. We consider all discrimination and harassment to be an issue that concerns all employees. All Zound colleagues are expected to contribute to a positive working environment,

one where we respect one another's differences. No one may be discriminated against due to gender, transgender identity or expression, ethnicity, disability, sexual orientation, age, religion or other beliefs.

The act of discriminating against or harassing a colleague is considered an infringement of the employment contract. Likewise, no colleague should conceal or overlook any discrimination or harassment they witness. Any discrimination, bullying or harassment should be reported to HR or management.

Physical health

We offer all employees a wellness allowance to contribute to employee wellness. This can be used to subsidise a gym card or other wellness activities. In addition to the wellness allowance, we encourage employees to organise sports and other wellness activities through the Zound Moves programme.

In 2022, we collaborated with OneLab to offer health checks to all employees at our Stockholm HQ. The purpose was to offer individual health counselling and to identify and detect early signs of health risks in the organisation.



Diversity and inclusion

Unequal access to opportunities around the world is a fact, as is growing inequality.

Diversity and Inclusion (D&I) is one of our five key strategic areas, one of our five “How to wins”. Fostering a diverse and inclusive environment is the right thing to do as a business because it drives innovation, increases employee engagement, improves decision making with more perspectives and better prepares us for change. It also adds social value. We want all our employees to feel included and part of the Zound family.

In 2022, our D&I Strategy and Action Plan was launched with a vision to represent everyone’s voice in everything we do by building an organisation and network that matches our audiences and to drive the change from within. The strategy started with a series of workshops designed to engage our colleagues and gain their insights about the organisation. The workshops encouraged colleagues to share perspectives and experiences and define what is important to focus on. The outcome of the workshops forms the foundation of the D&I Strategy. Three pillars underpin and support the strategy, each with their own KPIs and actions:

Pillar 1: Accelerate our awareness and champion D&I
Pillar 2: Create products and experiences for everyone
Pillar 3: Equality, belonging, collaboration

In 2022, we put resources into increasing awareness about the D&I strategy, internally through mandatory training, and externally by sharing it with stakeholders.

Key employee figures in 2022

- 63% of employees recruited to work at our head office in Stockholm were born outside Sweden or had both parents that were born outside Sweden, compared with 46% in 2021.
- 47% of Zound colleagues at our head office were female*.

* (Please note that gender reporting does not include data on how employees identify. Rather, it reports gender-based data from Statistics Sweden (SCB).

Progress in 2022

- The D&I Council was introduced, an internal group contributing with knowledge and ideas to help set our D&I agenda.
- Eyes On D&I was launched, a series of lectures meant to enhance our D&I knowledge.
- Celebrations Of All Nations was launched, a concept focusing on different cultural aspects, to celebrate the different cultures represented at Zound.
- Gender decoding of job ads, updated sourcing strategies and broadened talent recruitment networks.
- Enhanced focus on ergonomics to create products that reach a wider audience.

Talent attraction and retention

We have a broad variety of competencies in-house and hire new talents to a variety of disciplines, from design to acoustics, sales to software, marketing to e-commerce and a lot more in between. Finding the right talents is key to ensuring we can continue to grow and strengthen our culture. We connect with a global talent pool and source talents from all over the world. We believe that it is essential that we have an inclusive, objective and forward-thinking recruitment process where each candidate gets the same opportunities and is evaluated on the same criteria. We apply objective and validated selection methods based on proven research and train hiring managers in how to apply these in each process. A workforce that truly reflects our world is the foundation of an inclusive culture and helps us to produce great products. This starts at the recruitment stage.

Equally important to finding the right talent is retaining and developing the talents we have. Providing clear career paths, room for growth and talent development are key. With this in

mind, in 2022 we introduced a new role, Head of Talent Development, to further strengthen our talent development focus and continuous learning. We also implemented a talent mobility process to structure how we promote talents and enable career paths within the company.

Remuneration

Zound attracts, retains and motivates employees by offering compensation in line with national market levels and in accordance with our commitments to equality, diversity and inclusion and compliance with labour laws.

We also offer all permanent employees a bonus system and/or commission plan based on company performance during the year. We offer vacation, pension, health insurance and healthcare allowance. Other benefits include discounts on all Zound products.

Community engagement

We want our community engagement efforts to reflect our values and what our employees care about. Inclusion, equality, and passion for music guide us in the initiatives we choose to engage in, and we also want to make sure we can contribute timely as events unfold where we could be a positive force, financially or through collective action.

In 2022, we were involved in several important community engagement projects. Our head office in Stockholm participated in an internship programme with Järvaskolan, held inspirational training days with Womengineer and its project Introduce a Girl to Engineering Day (#IGEday), and co-created Fryshuset’s YOU LIVE initiative that enables young talent from marginalised areas to access the music industry.

Marshall engaged in partnerships with a number of selected organisations during the year. Among them was a collaboration with Angelo Baque and Queens Museum in their effort to create the Queens Teens Institute for Art & Social Justice programme with a mission to nurture thoughtful, independent young artists and the next generation of leaders in the arts and social change.

Marshall also supported Patta to facilitate a creative and musical exchange between Echobox Radio in Amsterdam and

Oroko Radio in Accra, where some of the funding was destined to complete Oroko Radio’s studio in Accra.

In partnership with Highsnobiety, Marshall created a series of events linked to community work with Roots Berlin, a non-profit organisation focused on bringing attention to social and racial justice and equity through the creation of spaces that positively and sustainably improve the reality of marginalised groups.

Our main focus is to help build a better future where we can, but the urgency of the present is sadly often a factor. Our largest charitable donations in 2022 were made to UNICEF and UNHCR following Russia’s invasion of Ukraine.

Sustainability governance

Committing to sustainable operations requires a governance structure that allows us to manage our impacts and growth in a responsible manner. In 2022, further resources were made available to enable a holistic approach to our sustainability management and a Group Sustainability team was introduced.

The main purpose of having sustainability governance at Zound is to ensure that we walk the talk and maintain trust from our stakeholders, including colleagues, customers, suppliers, investors, and representatives from communities we engage with. Our governance structure provides a framework to support us in delivering on our key policies and guidelines. It helps ensure we operate responsibly and in line with our values.



Board of Directors: The Board has overall responsibility for overseeing sustainability and compliance, including approval of policies and strategies related to sustainable development. The Board receives quarterly progress reports regarding sustainability issues.

Audit committee: The Audit Committee is a subcommittee of the Board, overseeing the identification, evaluation, and management of risks, including sustainability and compliance risks.

Management team: The Head of Communication and Sustainability in the Management team is responsible for managing and overseeing the implementation of the company’s sustainability ambition and strategy.

Sustainability team: The Group Sustainability Manager has the overall responsibility for implementation and performance against our strategies, policies and goals covering all key business functions and brands. The Group Sustainability Manager reports to the Head of Communication and Sustainability.

Product sustainability Team: Responsible for product compliance and driving sustainability progress. Managing product sustainability initiatives cross-functionally with product development, sourcing and quality departments.

Compliance management

Corporate compliance is managed by our legal team. Product compliance is managed by the Product Compliance and Sustainability team. This includes assessing, testing and certifying products according to global requirements. The team assesses product safety, materials and solutions during product development and manages compliance during the product life cycle, such as certification maintenance and extended producer responsibility obligations.

Ethical business conduct

Zound is committed to the highest standards of ethical conduct and integrity in its business activities everywhere we operate. Our company Code of Conduct outlines the expected behaviour of Zound employees and helps us navigate everyday situations.

As a part of our introduction programme, new colleagues read through and show understanding of the content of our Code of Conduct by answering dilemma questions. Employees’ immediate managers are responsible for ensuring that employees have understood the content of the Code and to guide them when uncertainties arise. The Management Team is responsible for implementing and ensuring compliance with the Code.

Our key policies

Employees:
 Employee Code of Conduct
 Sustainability Policy
 Anti-Corruption Policy
 HR Policy
 Information Security Policy
 IT Policy

Suppliers:
 Supplier Code of Conduct

Customers:
 Customer Privacy Policy

Anti-bribery and corruption

Zound does not tolerate any form of bribery or corrupt activity engaged in by its employees, partners or consultants. Being an international company with suppliers and partners in parts of the world where there is a high risk of corruption, it is our responsibility to make our position clear in writing as well as in daily representation.

Our Non-Tolerance Statement is included in our Code of Conduct and Supplier Code of Conduct. Our Anti-Corruption Policy is based on risk analysis and covers operational areas in our value chain with higher exposure to corruption risks. It is outlined in accordance with relevant international and local legislations.

Prior to the Covid-19 pandemic, all employees completed face-to-face Anti-Corruption training. In 2022, we implemented a new digital training platform that includes anti-corruption training. A mandatory anti-corruption training for all employees was launched in February 2023.

All product manufacturers are obligated to sign our Supplier Code of Conduct before entering into business relationships with Zound. We also conduct on-site sustainability audits and provide supplier training in our Supplier Code of Conduct.

Whistleblowing system

Zound uses an internal whistleblowing function called Speak Up for employees to report any malpractice or misconduct. All reported incidents are managed with absolute confidentiality, and we guarantee that employees raising concerns will not face any risk of reprisals.

Zound's Chief Legal Officer has the overall responsibility for the whistleblowing instructions and procedures. Incidents reported into our Whistleblowing System are handled by our Chief Legal Officer, Chief HR Officer and Chief Financial Officer. Routines are described in our Whistleblowing Management Instruction.

Our material topics

In 2022, we performed a major revision of our material topics to identify the most significant impacts across our value chain. We also took steps to ensure that we prioritise and focus on the most important topics from industry and stakeholder perspectives. To ensure compliance with upcoming reporting requirements and that our information is reliable and unbiased, we used external experts to guide us through the process and perform the analysis.

Our impact materiality analysis started with analysing regulatory requirements, external trends, and internal perspectives. We used desktop analysis, value chain mapping, surveys, and deep-dive interviews with internal and external stakeholders. Based on these insights, we produced a list of 23 material topics that are relevant to our company and the industry in which we operate. Through a workshop with the management team and internal experts, using the insights, we decided on the 10 most material topics for our company to focus on going forward to lower negative and enhance positive impact.

As we are writing this, we are revisiting and updating our sustainability strategy to support efficient business operations performed in line with our ambition, covering our most material topics. This will allow us to systematically report on all aspects of our operations and address progress and targets for each of our material topics. Our material topics are subject to annual review and validation by our internal experts and Management team and by including external stakeholders directly every third year.

Sustainability topics that are most material for Zound

- GHG Emissions
- Waste
- Human rights
- Product longevity and circularity
- Diversity and Inclusion
- Responsible sourcing practices
- Chemicals
- Consumer health and safety
- Ethical business conduct
- Employee wellbeing

Stakeholder engagement and dialogue

Throughout the year we have had an ongoing dialogue with different stakeholders, such as colleagues, customers, suppliers, industry peers, policy makers, investors and civic society. The multitude of perspectives among our stakeholders help us innovate and prioritise as we develop our sustainability engage-

ment. By openly sharing experiences and giving feedback, our stakeholders help us deliver on our promises and keep ahead of global developments.

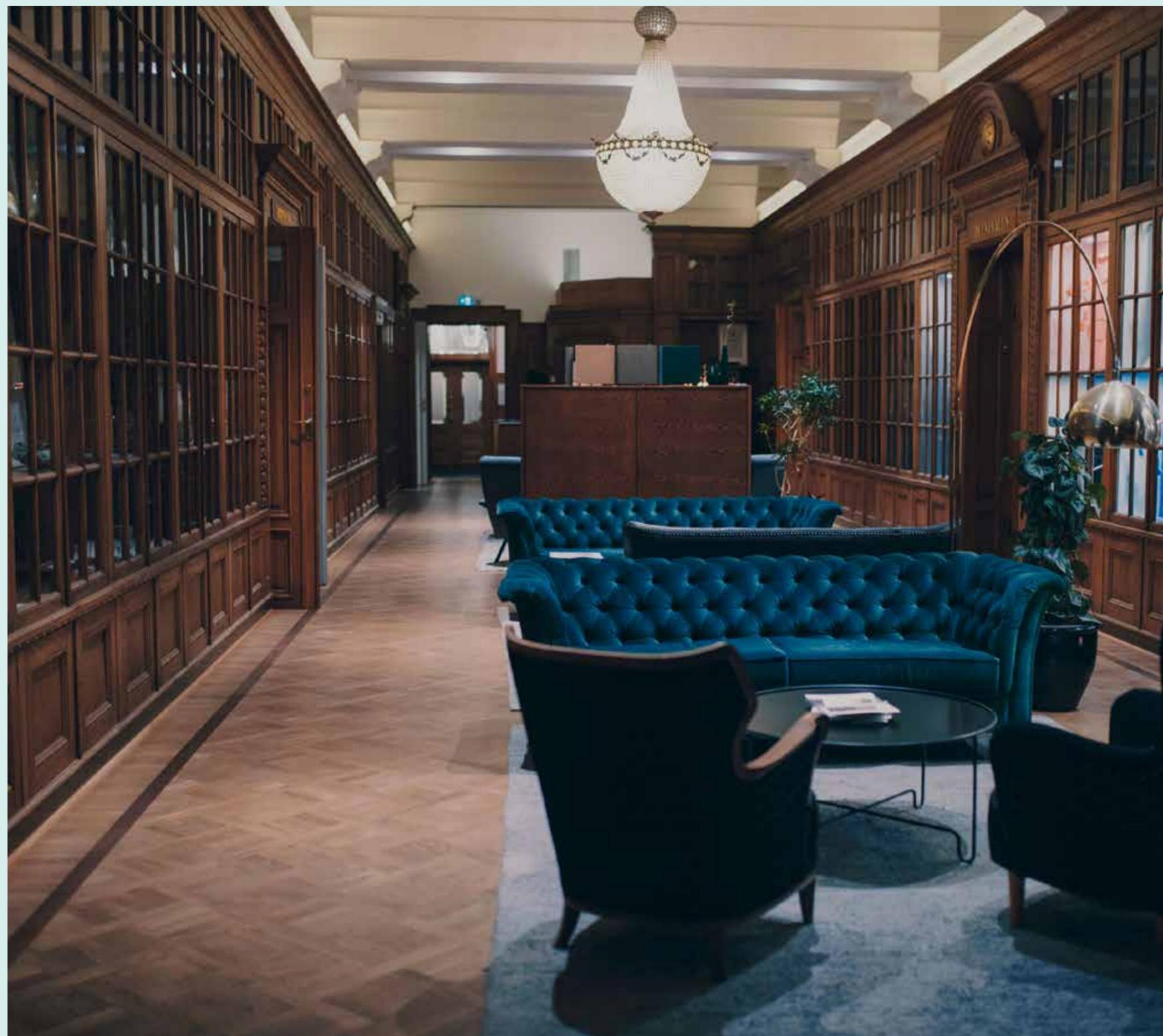
	How we engage	Key topics and concerns
End-consumers and retailers	Consumer surveys in key markets including sustainability area. Social media, customer support, emails. Ongoing dialogue on sustainability of products with key retailers. Zound World Tour, an annual meeting for key retailers and partners to share progress and discuss our business.	Climate impact Repair, reuse and recycling services Third party certificates and eco labels Consumer Health and Safety Product durability and quality Supply chain social responsibility Compliance on legal and regulatory requirements
Employees and potential candidates	Ongoing dialogue eg through weekly 1-1 with manager, Annual Performance Review with manager and Employee Engagement Survey Intranet, emails, company meetings and events. Community engagement activities.	Wellbeing Climate impact Diversity and Inclusion Consumer health and safety
Licensee partners	Meetings, emails, workshops. Licensee sustainability guidelines and requirements.	Waste and resource use Sustainable and recycled materials Compliance on legal and regulatory requirements
Suppliers	Request for information. Contracts and Policies. Site Visits, Audits and Training. Meetings and emails.	Growth Long-term partnership Contribution to economic development Employee attraction and retention Standardisation
Investors	Annual General Meeting. Annual Report. Investor newsletter.	Product durability and quality Compliance on legal and regulatory requirements Financial sustainability and growth
Society	Annual Report. Participation in various research projects. Active member of various networks, participating in meetings and workshops.	Climate impact Circularity Repair and product standardisation Chemicals

Risk management

Our risk management processes include identifying, evaluating, and securing commercial, operational, financial, legal and regulatory risks, which also comprise sustainability related risks. The Management Team is responsible for risk management. It is primarily managed by our CFO and CEO, in close collaboration with our operating units who are responsible to handle risks in their area of responsibilities. See page 78 (Directors' Report).

Zound's approach to sustainability is defined from both a risk and an opportunity perspective. Since 2017, we have had the ambition of performing an annual top-down risk analysis focusing on Sustainability and Compliance related risks, including interviews with all members of the management team to identify risks in their operational area of responsibility. Due to changes in area of responsibilities and Covid-19 disturbances, we have not managed to perform updated risk analysis according to plan in 2021 and 2022. The latest structured Sustainability risk analysis was made in 2020, showing that we need to keep improving our supply chain (especially in terms of mineral and metal sourcing), make our products more sustainable and communicate better with our customers about our sustainability work. Our stakeholders also highlighted the potential to integrate this work into the company strategy.

See summary on page 73 (Sustainability risk management table)



Sustainability data/performance

Energy

KPI	2019	2020	2021	2022
Electricity consumption (kWh) 3	338,474	242,632	235,896	268,148
District heating consumption (kWh)4	509,604	509,604	501,424	509,604
District cooling consumption (kWh)5	196,004	196,002	192,856	212,556
Energy use from renewable energy sources (kWh)6	-	-	-	483,502
Renewable energy use (%)	-	-	-	48.8%

Carbon emissions

Item	Unit	2019	2020	2021	2022
Total Greenhouse gas emissions Scope 1,2,3:	tCO2eq	56 338	42 910	56 291	91 830
Greenhouse gas emissions Scope 1 (direct emissions)	tCO2eq	16 (0,03%)	13,4 (0,03%)	15,5 (0,03%)	8,66 (0,01%)
Greenhouse gas emissions Scope 2 (indirect emissions)	tCO2eq	103,1 (0,18%)	76,7 (0,18%)	77,6 (0,14%)	72 (0,08%)
Greenhouse gas emissions Scope 3 (indirect emissions). <i>Breakdown:</i>	tCO2eq	NA	NA	NA	NA
<i>Purchased Goods and Services</i>	tCO2eq	36 709 (65,15%)	20 726 (48,23%)	37 521* (66,66%)	59 290 (64,56%)
<i>Capital Goods</i>	NA	NA	NA	NA	NA
<i>Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2</i>	tCO2eq	11,5 (0,02%)	8 (0,02%)	7,9 (0,01%)	16 (0,02%)
<i>Upstream Transports</i>	tCO2eq	2 877 (5,11%)	2 602 (6,06%)	2 326 (4,13%)	3 170 (3,45%)
<i>Waste Generated in Operations</i>	NA	NA	NA	NA	NA
<i>Business Travel</i>	tCO2eq	1 309 (2,32%)	125 (0,29%)	91 (0,16%)	142 (0,15%)
<i>Employee Commuting</i>	tCO2eq	39 (0,07%)	55 (0,13%)	57 (0,10%)	34,85 (0,04%)
<i>Upstream Leased Assets</i>	NA	NA	NA	NA	NA
<i>Downstream Transportation and Distribution</i>	tCO2eq	351,2 (0,62%)	396,5 (0,92%)	185 (0,33%)	252 (0,27%)
<i>Processes of Sold Products</i>	NA	NA	NA	NA	NA
<i>Use of Sold Products</i>	tCO2eq	14 922 (26,49%)	18 907 (44,06%)	16 010 (28,44%)	24 582 (26,77%)
<i>End-of-Life Treatment of Sold Products</i>	tCO2eq	Not calculated	Not calculated	Not calculated	4 262 (4,64%)
<i>Downstream Leased Assets</i>	NA	NA	NA	NA	NA
<i>Franchises</i>	NA	NA	NA	NA	NA
<i>Investments</i>	NA	NA	NA	NA	NA

* A calculation error was detected in the Purchased Goods and Services category for 2021, which was corrected in this table.

Supplier social and environmental assessment

Audits in numbers

	2016	2017	2018	2019	2020	2021	2022
Zound Audits	0	0	0	3	7	12	10
3rd Party Audits	1	4	8	6	3	3	6

* including audits of both active and potential sub-suppliers and manufacturers.

Zound supplier development program

		2020	2021	2022
Manufacturers (Tier 1)	Number of Active manufacturers	10	10	6
3rd Party Audits	% of active manufacturers with annual audit score	50%	80%	100%
	% of active manufacturers with annual audit score	23%	69%	100%
Material and component suppliers (Tier 2)	Number of active Tier 2 included in our Supplier Development program	1	4	4

Employees

	2018	2019	2020	2021	2022
Employee Engagement Index 1-100 (response rate)	75	75 (76%)	75 (76%)	75 (76%)	80 (72%)
Sick Leave	1,1%	1,9%	2,1%*	1,7%	2,0%

* A calculation error was detected in the Sick Leave data for 2020, which was corrected in this table.

Reporting principles

We aim to provide an example of how to balance economic growth, environmental protection and positive social impact. Our own guiding principles in this process include work sensibly; systematically supporting our co-workers, our community and our environment ; recognising risks and opportunities; setting milestones across varying time horizons; and pushing for collaborative efforts and standards for the audio electronics industry.

Sustainability stationary report

Area	Requirement	Page
Overall	Business model	34-37
Environment	Policy and procedures	60-61
	Risks and risk management	40-53, 64, 73
	Performance	42-51,66-67
Employees and social conditions	Policy and procedures	60-61
	Risks and risk management	40-41, 55-59, 73
	Performance	59, 68, 101
Human rights	Policy and procedures	60-61
	Risks and risk management	40-41, 52-53, 73
	Performance	52-53, 68
Anti-Corruption	Policy and procedures	60-62
	Risks and risk management	40-41, 61-62, 73
	Performance	61-62

Networks and memberships

UN Sustainable Development Goals (SDGs)

Zound uses the United Nations Sustainable Development Goals (SDGs) to guide and inspire us in developing our sustainability agenda. The SDGs are a universal call to action on society's biggest global challenges. The 17 goals were adopted by all UN Member States in 2015 and provide a roadmap to countries, businesses and civic society on how to mobilise for a more sustainable and equal world.

United Nations Race To Zero

Zound is a member of the UN Race To Zero campaign and has committed to science-based targets to halve our emissions by 2030 and become a net zero company by 2040 in line with the Paris Climate Agreement, to keep global temperature rise to 1.5 per cent.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets, providing a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Cradlenet Network

Zound are members of Cradlenet Network, which is a platform for knowledge and networking with the ambition to accelerate Sweden's transition to a circular economy.

Chemsec PFAS Movement

Zound are members of ChemSecs movement to support a ban of PFAS. ChemSec recognises that citizens and public interest groups are not the only voices needed in the debate about toxic PFAS chemicals.

Sweden-China Trade Council (SCTC)

Zound are members of the Sweden-China Trade Council and its Sweden-China Forum for Sustainable and Responsible Business. SCTC is an independent, non-political and member-funded association. SCTC focuses on increasing members' knowledge on operating in China in general, and on current trends and policies as well as relevant challenges and opportunities for the Swedish business community in Chinese business life in particular.

Research Institutes of Sweden (RISE)

Active industry representative partner in two research projects:
 1) RISE "POPFREE Industry" planning project, which aims to build a competence center for a Circular and PFAS-free industry.
 2) Certified to LAST project, which aims to develop a certification concept, a way of rewarding products with long service life.

Reporting methodology

Influenced by GRI Standards

Where applicable, data and information in this Annual Report has been compiled and reported in accordance with GRI Standards:

Energy: Data for energy has been compiled in accordance with GRI Standard (302-1 Energy consumption within the organization)

Carbon Footprint: Data for product transport has been compiled in accordance with GRI Standard (GRI 305-1,2,3 – GHG Emissions Scope 1,2,3).

Responsible Sourcing: Data for responsible sourcing is partly compiled in accordance with GRI standard (GRI 308-1 New suppliers that were screened using environmental criteria and GRI 414-1 New suppliers that were screened using social criteria).

Ethical Business Conduct: Data for anti-corruption is partly compiled in accordance with GRI standard (GRI 205-1 Operations assessed for risks related to corruption).

Greenhouse Gas Protocol

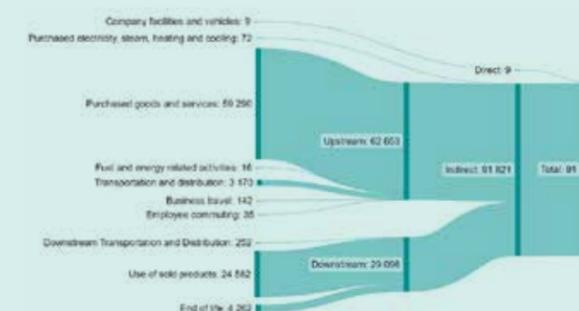
To get a holistic view of our climate impact, we calculate our emissions based on the Greenhouse Gas Protocol. This protocol is the most widely used international accounting tool to understand, quantify and manage greenhouse gas emissions through the entire value chain of companies. The different gasses are calculated into CO₂eq depending on their global warming potential. When breaking down Zound's emissions according to the structure of the GHG Protocol, the emissions are divided into three scopes:

Scope 1: Direct emissions from operations. This includes both emissions generated at company facilities and by company vehicles. Since we have chosen to use a financial approach when declaring our emissions, only the corresponding emissions, in our case, to the fuel used by the rented cars were recorded in this section.

Scope 2: Indirect emissions from purchases in electricity, heating and cooling associated with the operations of Zound Industries offices located in Stockholm (Head Quarters), Shenzhen, New York, London, Paris and Hong Kong.

Scope 3: Indirect emissions associated with the value chain generated by our products, including upstream and downstream emissions.

Following the methodology described in the GHG Protocol, the emissions associated with the operations of Zound Industries between 1 January 1 and 31 December 2022 were 91,830 tCO₂eq. By breaking down the emissions according to the GHG Protocol structure, four categories were identified as the main sources of emissions. Together they represent more than 99% of emissions. These categories are: Purchased Goods and Services (64.6%), Use of Sold Products (26.8%), End of Life (4.6%) and Transport and Distribution (3.4%).



The Scope 3 categories that we have not evaluated are capital of goods, fuel- and energy- related activities, waste generated in operations, upstream leased assets, processing of sold products and downstream leased assets. These are estimated to represent less than 1% of total CO₂eq emissions. Scope 3 categories that are not applicable are franchises and investments.

Company facilities and vehicles

Based on the distance travelled by each of the company's vehicles, and the emission factor associated with each vehicle, differentiating by vehicle size and fuel used for its operation.

$$\sum (Distance\ traveled\ (km) \times Emission\ factor\ (\frac{tCO2eq}{km}))$$

Purchased electricity, steam, heating and cooling

Using the energy consumed by each of Zound's offices and the emission factor of the national energy network, the CO2eq emissions corresponding to each office were estimated. In the case of the office in Sweden, the emission factor provided by the service provider itself was used, both in the case of electricity and heating. To improve the estimate it is intended, like the office located in Sweden, to take an emission factor from the energy provider and not the national average.

$$\sum (Energy\ consumption\ (kWh) \times Emission\ factor\ (\frac{tCO2eq}{kWh}))$$

Purchased goods and services

Currently, a spend-based model is used to estimate this category, which is based on the Life Cycle Assessment (LCA) carried out previously on one of our products (Major II). From the LCA, an emission factor was estimated for each Swedish krona spent on the production of headphones and speakers.

We are in the process of improving this methodology, developing the information systems necessary to migrate towards a materials approach, in such a way that from the weight of the materials used for production, and the emission factor associated with each material, it is possible to more accurately estimate emissions.

$$\sum (Expenses\ (SEK) \times Emission\ factor\ (\frac{tCO2eq}{SEK}))$$

Fuel and energy related activities

The category complements the emissions from purchased electricity, steam, heating and cooling, in such a way that it includes the well-to-tank emission factor. This emission factor considers the production, processing and delivery of a fuel or energy vector. It also includes losses generated during the transmission of electricity.

$$\sum (Energy\ consumption\ (kWh) \times Emission\ factor\ (\frac{tCO2eq}{kWh}))$$

Transportation and distribution (upstream and downstream)

Using the registered information on product transportation, both relative to weight and the origin-destination, the distance travelled throughout the supply chain of the products was estimated considering different transportation alternatives (road, sea, flight or rail).

$$\sum (Products\ (tons) \times Distance\ Traveled\ (km) \times Emission\ factor\ (\frac{tCO2eq}{tons * km}))$$

Business travel

Zound has a register of each of the trips made by employees. From this database, the total distance travelled throughout the year was estimated, considering selected transportation, including flights, train, taxis and rental cars.

$$\sum (Distance\ traveled\ (km) \times Emission\ factor\ (\frac{tCO2eq}{km}))$$

Employee commuting

Starting from a survey carried out among the employees of the various Zound offices, both the transport habits and the days that the employees work home office on average were identified. Using the mode of transportation and the distance travelled in an average week, as well as the corresponding emission factors, the total emissions were estimated. Although the survey was not answered by all the employees, in the cases where there was no response, it was assumed that the results were representative for each office. In total, 102 employees answered the survey, meaning a response rate of 40%.

$$\sum (Employees\ (units) \times Distance\ Traveled\ (km) \times Emission\ factor\ (\frac{tCO2eq}{km}))$$

Use of sold products

Unlike the purchased goods and services category, where the estimate is based on what is produced in the year, in this category it is based on the sales made, also taking into account the country where they were sold since this determines the electricity emission factor. For the estimation, the entire useful life of the product is taken into account, in addition to an estimate of the use of the product.

It is necessary to improve the quality of the information used for the calculation, collecting primary data from the users will help to know more about the usage habits of the users, as well as the electrical consumption of the products.

$$\sum (Products\ (units) \times Power\ consumption\ (kWh) \times Emission\ factor\ (\frac{tCO2eq}{km}))$$

End of life

As in the case of the purchased goods and services category, the estimate is based on the LCA performed on Zound products, but in this case four different analyses were used. Using the estimation of emissions linked to waste management in the four LCAs, one per type of product (true wireless, speakers, on-ear and in-ear) the emissions derived from handling one kilogram of each product were estimated.

Even though the category is new, there is still ample room for improvement over the quality of the information. More certainty about the type of treatment and final disposal of the materials is necessary, in addition to better measuring the waste composition.

$$\sum (Products\ (kg) \times Emission\ factor\ (\frac{tCO2eq}{kg}))$$

Employee engagement index

When calculating the Employee Index (0-100) we use the overall satisfaction rate from our annual Employee Engagement survey. The survey covers 22 questions from following categories: Manager, Diversity & Inclusion, Company, Collaboration and Individual. During 2022, we updated the survey questions, tool and scoring model.

Sustainability risk management table

Area	Material impact	Value chain Scope	Management
Environment	Environmental impact Zound Industries want to play an important part in pushing our industry towards circular, emission free and responsible practices across the value chain. From a lifecycle perspective, most of our products' environmental impact comes from extraction of materials, manufacturing, energy use while using the product, end-of-life treatment and transport and Distribution. Apart from managing legal requirements, such as those linked to chemical management, Zound Industries' brand could be exposed if associated with causing negative environmental impacts	- Product Design - Raw Material Extraction - Component Assembly - Final Product Assembly - Zound operations and Sales - Product Distribution and Repair - Consumer Use - End of Life Treatment	- Continuous environmental impact mapping - Life cycle analysis - Sustainability policy - Sustainable design guidelines and building awareness of sustainable design - Continued improvements on recycled content of products and packaging - Chemical analyses of materials and products - Efficient production planning and optimise logistics including evaluating alternative modes of transport - Sustainability audits of manufacturers - Taking extended producer responsibility for end-of-life - Piloting Circular business models Improving accessibility of consumer information
Human rights	Responsible supply chain Zound Industries commitment to always respect Human Rights as set People first in everything we do. As a global electronics company we seek to continuously assess and take action to uphold Human Rights, as set forth by the International Bill of Human Rights and International Labour Organisation's (ILO) Core Conventions, for everyone impacted by our operations across our value chain. The electronics industry has a complex supply chain that includes a risk of negatively impacting human rights. There is a clear need for a continued focus on risk control throughout the value chain	- Raw Material Extraction - Component Assembly - Final Product Assembly - Zound operations and Sales - Product Distribution and Repair - Consumer Use - End of Life Treatment	- Zound Industries Supplier Code of Conduct, (revised 2021) communicated and signed by 100% of active product manufacturers - Sustainability training for product manufacturers and sourcing managers - Audit of product manufacturers, both Zound audits and third-party audits - Risk analysis
Anti-corruption	Fight corruption Zound Industries advocates free and fair trade, strives for open and fair competition and ethical conditions within the legal frameworks of the countries in which it operates. If Zound Industries does not follow these principles, it can jeopardise the company's reputation and can also result in fines.	- Raw Material Extraction - Component Assembly - Final Product Assembly - Zound operations and Sales	- Supplier Code of Conduct - Employee Code of Conduct - Anti-corruption policy - Risk analysis - Anti-corruption training - Audit of product manufacturers - Routines for follow-up of irregularities
Employees & social conditions	Talent attraction and retention At Zound Industries we manage the entire value chain in-house, apart from production. This means we have expertise in several areas. Having people with the right competencies in the right position is business critical.	- Product Design - Zound operations and Sales	- Quality-assured and transparent recruitment process - Skills development according to individual needs
	Wellbeing The wellbeing of our employees is extremely important. We believe systematic efforts to promote both physical and mental health at work is more important than ever as mental illness continues to increase in society. We aim to foster a culture of wellbeing and equal development opportunities. Everyone should feel safe and free of harassment working at Zound. This commitment goes beyond compliance with local laws and regulations.	- Product Design - Product Distribution and Repair	- Employee Code of Conduct - Working with our culture and values - Diversity & Inclusion strategy - Employee engagement survey - Systematic working environment work, including a work environment committee that meets quarterly - Sports and wellness activities - OneLab, a health platform that identifies ill health and offers the right care at the right time.