

MARSHALL GROUP ANNUAL REPORT 2023

Marshall

SUSTAINABILITY REPORT 2023

2023 was a year of massive change with the creation of the Marshall Group. Growing from 300 to almost 800 employees, incorporating in-house production and broadening our product portfolio was an historic moment. While this change presents new considerations and challenges from a sustainability perspective, it also presents clear opportunities. As the Marshall Group, we have the right conditions to develop a strong, holistic, sustainability strategy for the whole of the company, the brand and our products, which we aim to roll-out during 2024.

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SUSTAINABILITY REPORT 2023

In 2023, we focused on understanding each other’s ways of working when it comes to sustainability - assessing impacts, risks and opportunities and starting the work to integrate the two strategies into one. Coming together as one group and creating one shared culture is inspiring, and we learn a lot every day as we remain focused on leading our industry towards more sustainable practices.

Leaning into our legacy and building for the future
Marshall Amps has earned a legendary status in the music industry, renowned for iconic sound, reliability, and enduring quality. One of the key factors contributing to the longevity of the products is our unwavering commitment to craftsmanship and innovation. Each amplifier is meticulously designed and built to exacting standards, using high-quality components and time-tested manufacturing techniques. This dedication to excellence ensures that the Amps not only deliver exceptional performance but also stand the test of time, becoming cherished assets for musicians and collectors alike. As a result, Marshall amplifiers retain their value and desirability for decades.

This legacy is what we have spent over a decade bringing to the consumer electronics industry, through our range of speakers and headphones. We are mindful of the fact that the technical complexities, the rate

LONG LASTING PRODUCTS ARE SYNONYMOUS TO THE MARSHALL BRAND WITH MUSICIANS AND MUSIC LOVERS USING OUR PRODUCTS FOR YEARS, EVEN DECADES.

Emelie James, Senior Sustainability Manager

of change, and the supply chains, alongside consumer preferences and behaviors, all play their part in making the consumer electronics industry inherently less sustainable than the musical instruments category that Marshall traditionally have been involved in.

Just as we are focused on bridging the gap between musicians and music lovers through or product offering, we also see a clear opportunity to bridge the gap in sustainability between product categories – bringing learnings such as more responsible material choices from our speakers and headphones business to the amps side,



JTM 45 – built 1964 and still kicking

and taking inspiration in product durability and repairability from Amps to our Headphone and Speaker products. We are convinced that by leaning into our legacy, we can start to build towards a more sustainable future for the consumer electronics industry.

Keeping up with the changing regulatory landscape
The regulatory landscape for sustainability is undergoing rapid evolution, driven by growing environmental, social, and economic imperatives. We welcome this push from regulators, steering the industry to more sustainable practices, and we embrace sustainability as a strategic imperative. Navigating the complexities of the regulatory landscape is however becoming trickier, with local regulations at times contradicting, and we need to seize opportunities for long-term value creation and resilience in this rapidly changing world. Our main focus in 2023 was preparing the company for the upcoming reporting regulations from the European Union, the Corporate Sustainability Reporting Directive (CSRD), while also staying on top of the increasing regulatory demands on a product level, not least within repairability, such as right to repair laws on regional and local level.

As a Group, we have made considerable progress towards our sustainability ambition in 2023. ■

KEY PROGRESS 2023

Integration
The Annual Report 2023 represents the first integrated sustainability report, covering the whole of Marshall Group across all product categories and locations.

Data accuracy
We have finalised a CO2-eq emission library covering the most used materials and components, enabling us to do faster and deeper analyses of impacts from materials as well as to measure progress towards our ambitions.

Refurbishment
We finalised our first ever solution to offer refurbished Marshall speakers on our website, paving the way for us to scale up circular business models in the years to come.

Recycled material
We have increased the use of recycled plastic in our products to 39 percent in total, as well as researching and testing several new recycled materials, metals and minerals in ongoing products projects.

UN Global Compact
Marshall Group became signatory of the UN Global Compact, the world’s largest sustainability initiative for companies.

CSRD / ESRS preparation
We initiated the work to complete our first double materiality assessment for the Marshall Group, in accordance with the EU guidance.

New Leadership Principles
Marshall’s four Leadership Principles was introduced, serving as guidelines for how to act as a leader, empower the organisation and help us navigate the ongoing integration work.

ROAD TO ZERO

For the first time, global warming has exceeded 1.5°C across an entire year, according to the EU's climate service. Every fraction of a degree of warming means more extreme weather and more sea level rise impacting millions of people and other living creatures. Taking action to bring down emissions to zero is more urgent than ever, and at Marshall Group we focus our efforts where we have the biggest footprint to achieve the greatest impact. In 2023, we joined the UN Global Compact and continued our work to become a net zero company by 2040.

We are committed to reducing carbon emissions from our own operations as well as from our supply chain. Our net zero carbon target was validated by the Science Based Target initiative (SBTi) in 2022, confirming that the target is in line with the efforts required to keep global warming to 1.5°C above the pre-industrial temperature levels.

Our carbon footprint

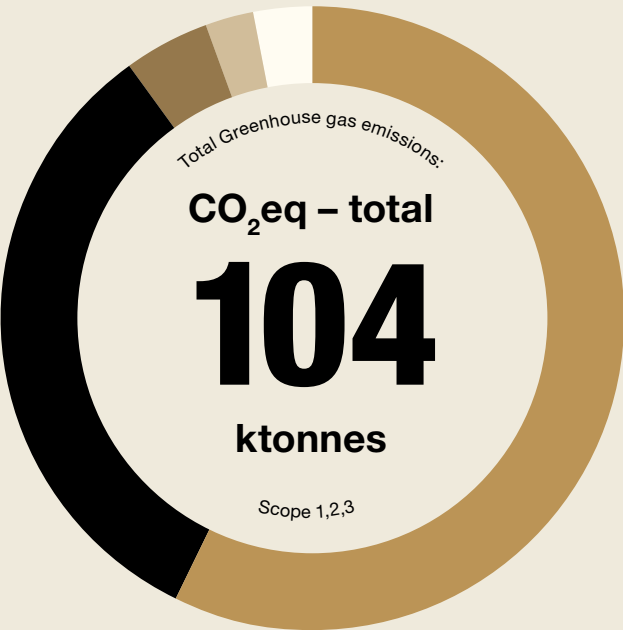
We calculate our carbon emissions on an annual basis based on the Greenhouse Gas Protocol (GHG) by using a combination of primary and secondary data. By adopting a comprehensive approach, we report all the direct emissions (Scope 1) as well as the indirect emissions (Scope 2 and 3) following a financial approach.

We work continuously to improve the quality of the sustainability data, with the aim to make better choices in product design, production and across our operations, as well as to be able 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.

The total emissions associated with our operations in 2023 were 103,869 tCO2eq. Four categories represent more than 97 percent of total emissions. Purchased Goods and Services 57.4 percent, Use of Sold Products 32.7 percent, End of Life treatment of products 4.3 percent and Transport and Distribution 2.7 percent.

IN 2023, WE JOINED THE UN GLOBAL COMPACT AND CONTINUED OUR WORK TO BECOME A NET ZERO COMPANY BY 2040.



2023	Unit: tCO2eq	
Purchased goods and services	57,4%	
Use of sold products	32,7%	
End-of-Life Treatment	4,3%	
Transport and distribution	2,7%	
Others	2,8%	

SCOPE 1

Direct emissions from operations. This includes both emissions generated at company facilities and by vehicles. The activities included, are mobile combustion from leased or owned vehicles and fugitive emissions (refrigerants). These activities represent 0.09 percent of our total emissions (97 t CO2eq).

SCOPE 2

Indirect emissions from purchased electricity, heating and cooling associated with the operations of Marshall Group's production sites in the UK and Vietnam, as well as the offices located in Stockholm, Shenzhen, New York, London, Paris and Hong Kong. Representing 0.59 percent of the emissions (610 t CO2eq).

SCOPE 3

Purchased goods and services

The largest proportion of Marshall Group's CO2eq impact, 46 percent, came from the materials used in Speakers and Headphones and the manufacturing process, as well as the materials purchases for the Amplifiers production. Since 2019, our Product Sustainability team has implemented recycled material alternatives in parts of the products to lower the impact.

For the first year, indirect purchases have been included in our report and covers a wide variety of services such as marketing support, software, equipment and product repair among others. In total, these represents 11 percent of the total emissions.

Use of sold products

The second largest source of emissions, 32.7 percent of our total emissions, is associated with the energy needed to play our products. During 2023, we have improved the certainty of estimates by better understanding the usage habits of consumers through surveys and refined the measurement of the power consumed by our equipment in its different operational modes, as well as the playtime. The main impact, 88 percent, relates to the use of speakers, with our Homeline speakers representing the biggest part of emissions in this category at 59 percent.

End of life

The estimated CO2eq emissions associated with the waste treatment of our Headphones and Speakers were around 4.3 percent of the total emissions, making this category the third largest source of emissions. As the estimation depends on the waste treatment followed for the materials content of each product, it is necessary to know more about the final disposal of our products.



Knowing more about what happens to our products once their lifecycle has come to an end will help us better estimate emissions associated with waste management and presents us with a great opportunity to evaluate and develop circularity programmes, supporting equipment recovery and recycling. So far, amplifiers are not included due to lack of product data.

Transport and distribution

Our fourth largest source of CO2eq is associated with transports of the products and represents 2.7 percent of the group’s total emissions. 73 percent of total transports are under Marshall Group control. In recent years we have optimised our supply chain by relocating the local warehouses in US and EU, which is having a positive effect on 2023 numbers. In 2023, we optimised the warehousing setup for our eCom business by introducing a new warehouse in the APAC region to lower the number of transports and increase the proximity to our consumers.

During the past year, the largest share of weight of our fully controlled transports, 59 percent, was by road, 37 percent by sea, 3 percent railway and less than 1 percent by air. However, air transport accounted for 11 percent of the carbon emissions from transports, with truck and sea transports representing 53 percent and 36 percent of the emissions, respectively.

Data accuracy and methodological improvements

During 2023, we have digitalised our GHG calculations using a third-party platform. This will increase the traceability and accuracy of data year by year, allowing us to make better decisions which will help us achieve our climate ambitions. In the platform, we can also measure the quality improvements of data and methodologies. Given the acquisition of Marshall Amplification and the creation of the new Marshall Group, as well as important

MARSHALL GROUP CONTROLLED TRANSPORTS

Transport mode	Weight (tons)	Emissions (tCO ₂ e)	% of weight	% of emissions
Air	48	227	0,4%	10,9%
Truck	7 406	1 094	59%	52,9%
Sea	4 657	749	37%	36,2%
Rail	437	0,5	3%	0,0%
Total	12 548	2 071		

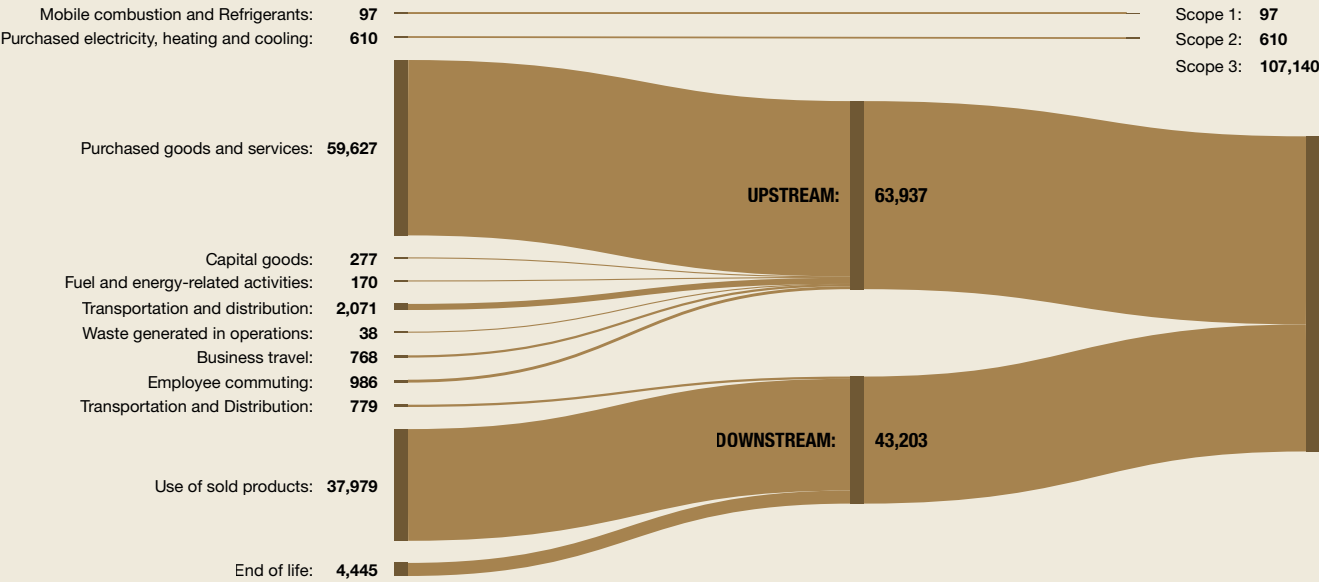
methodological changes in order to improve calculations, 2023 is set to be the new base year for our GHG calculations going forward.

We also advanced in the calculation methodology for Category 1 “Purchased goods and services” and Category 12 “ End-of life”, going from a spend-based methodology to calculations broken down on material level based on our products bill of materials for Headphones and Speakers, using material CO2eq emission factors associated with the material used. This allows us to measure the CO2eq savings from material choices and helps us direct our efforts better in the responsible material strategy. As a next step, we plan to continue the work to break down the calculations on material level for all product categories, including Amplifiers.

Additional improvements have also been implemented such as a standardised methodology for measuring power consumption in Headphones and Speakers. Finally, 2023 is the first year where we have been able to include emission calculations for further Scope 3 categories; Category 2 “Capital goods” and Category 5 “Waste Generated in operation", as well as activities such as “Indirect purchases” as part of Category 1 “Purchased goods and services” and “Accommodation” in Category 6 “Business travel”.

A crucial aspect to develop a high impact decarbonisation strategy, assess the effectiveness of the strategy, and achieve our reduction targets, is the necessity to have reliable GHG calculations. It is important to mention that we are under a constant improvement process, meaning that along the whole organisation we are working on getting better data.

TOTAL GHG EMISSIONS



	2019	2020	2021	2022	2023
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions (tCO ₂ eq)	16	13	16	9	97
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	103	77	78	72	791
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)					909
Gross supplier-based Scope 2 GHG emissions (tCO ₂ eq)**					610
Significant Scope 3 GHG emissions					
Total gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	19,546	22,114	18,714	32,418	103,162
1 Purchased goods and services	37	21	38	59	59,627
2 Capital goods	-	-	-	-	277
3 Fuel and energy-related activities (not Scope 1 or 2)	12	8	8	16	170
4 Upstream (transportation and distribution)	2,877	2,602	2,326	3,170	2,071
5 Waste generated in operations	-	-	-	-	38
6 Business travels	1,309	125	91	142	768
7 Employee commuting	39	55	57	35	986
9 Downstream (transportation and distribution)	351	397	185	252	779
11 Use of sold products	14,922	18,907	16,010	24,582	34,001
12 End of life	-	-	-	4,162	4,445

**Based on specific emission factors provided by the supplier



ENERGY USE

Product

The energy needed to charge and play Marshall Group’s 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 and their behaviours.

Our ambition is to minimise power consumption in our speakers in all modes, make the software more energy efficient and choose hardware components with power-saving features. We also want to innovate how we encourage the consumers to charge their devices with renewable energy. During 2023, we have continued to work closely with our suppliers to find more energy efficient solutions while building knowledge together. We have also gained wider insights of how our customers are using the products and updated calculation methodologies based on the updated knowledge. 2023 also saw the introduction of our first ever power consumption certification on our products with the third generation of the Homeline-series getting an Energy Star certification.

Facilities

All Marshall Group’s production sites are to work to improve resource utilisation through efficient processes, more recycling and by investigating new uses for their waste streams. We aim to source 100 percent renewable energy at our facilities. In addition, Marshall Group works together with facility management companies to improve the energy efficiency of its facilities.

The Stockholm office uses 100 percent renewable electricity, and heating and cooling is powered by waste incineration. Our Milton Keynes site pay a renewable fee for electricity consumption. Together the consumption represents 33 percent of the total energy consumption along the seven offices and two production sites used by Marshall Group for the operations in 2023.

TOTAL ENERGY CONSUMPTION

KPI	2019	2020	2021	2022	2023
Consumption of purchased or acquired electricity (kWh)	338,474	242,632	235,896	268,148	1,832,736
Consumption of purchased heating (kWh)	509,604	509,604	501,424	509,604	1,228,904
Consumption of purchased cooling (kWh)	196,004	196,002	192,856	212,556	19,550
Energy used from renewable sources (kWh)	-	-	-	483,502	1,025,878
Energy used from renewable sources (%)	-	-	-	49%	33%
Total energy consumption (kWh)	1,044,082	948,238	930,176	990,308	3,081,190

LIFE CYCLE ASSESSMENTS

Getting high quality data and learning more about the full footprint across the lifecycle of our products has been a priority at Marshall Group and a process that is under constant development. By conducting a Life Cycle Assessment (LCA) on products together with a third-party, we broaden our understanding and can do necessary changes in order to minimise our environmental impact.

We have conducted LCAs since 2018 on several products to gain a better understanding of the products’ impacts across the full range of the portfolio, track changes over time, and deepen our knowledge. During 2023, we initiated a LCA strategy five reference products representing our portfolio. We have chosen to assess some of our most popular products from our five product categories, headband headphones, true wireless headphones, portable speakers, Homeline speakers and amplifiers. The first version of our reference product LCA’s will be completed during 2024.

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. Marshall Group’s ambition is to go beyond compliance with chemical laws and regulations to minimise the negative impacts throughout our value chain.

This involves continuously evaluating materials and chemicals used in our products and sourcing alternatives with less potential negative impact. Collaboration with our suppliers is an important part of these efforts. We want to design products that avoid the need for hazardous chemicals such as “forever chemicals” (PFAS) 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.

All our Tier 1 Original Design Manufacturing (ODM) suppliers are contractually bound to follow our Restricted Substances List. To ensure compliance and safety, we conduct chemical testing of all Headphones and Speakers in third-party laboratories. We share information about products containing chemicals of concern with our customers through European Chemicals Agency (ECHA) database SCIP. 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 in our Headphones and Speakers. Since 2022, Halogen-free PCBAs (the multiple electronic components assembled on the circuit board) has become standard in new design.

We support legalisation proposals for a wide ban of per- and polyfluorinated alkyl substances (PFAS). Marshall Group is a member of Chemsec’s PFAS Movement, an independent non-profit organisation that advocates substitution of toxic chemicals to safer alternatives. During 2023, we have continued the process of phasing out PFAS chemicals by design, mapping and replacing materials containing PFAS where it is possible and still meet flammability and other performance requirements. We continue to build knowledge within our product development department and together with suppliers, but safety standards lack alignment with new regulatory requirements and technical development. There is also lack of alternatives in most applications. We will continue to push for improvements in both these fields.

In 2023, we have initiated the work of building one common Marshall Group chemical management strategy, including restricted substances lists beyond compliance for all product categories and process chemicals, as well as processes for monitoring compliance. We will continue this work during 2024.

We have also worked to find substitutions to non-PFAS materials in numerous components in product development, such as in cabinets, wires, coatings and lubricant oils as well as having introduced internal processes and finalised reporting of products concerned to the ECHA SCIP database. ■

DESIGNING FOR LONGEVITY

Design and quality are our passions, and we believe designing timeless, built-to-last products is the most important way to contribute to a more sustainable audio electronics industry. Taking inspiration from our own heritage in guitar amplification, we design for durability. Whether we are developing a headphone, a portable speaker or an amp, we always adopt a human centred approach to design.

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 ideally need to be easy to disassemble and recycle.

A challenge, and an opportunity, for us is our wide range of products. On one end we have amplifiers that musicians are playing for decades, and where technology rarely become outdated. On the other end of the spectrum, we have technically advanced, true wireless products that are small in size. This challenges how we think about longevity and pushes us to look to further circular practices to keep materials in use for as long as possible.

As Marshall Group, we are now deepening our understanding of what longevity truly means in the consumer electronics space. We have started our transition into a circular business by prolonging the lifetime of both our products and materials, being more resource efficient and supporting consumers through new circular business models.

Circular design

For all our new Headphone and Speaker products, we work with circularity competence across our product department in each concept phase to identify opportunities to design for increased lifetime and lower emissions. The work is guided by our Circular Design Guideline, covering the areas of durability, reusability, upgradeability, repairability and recyclability. The work also entails a close relationship with our inhouse mechanical engineers as well as our ODMs. For each new product, we set clear minimum targets towards our suppliers and continue to

innovate and implement solutions throughout the projects. At set project milestones, circularity ambitions and results are followed up in Project Forums, with representation from the Management team.

We deepen our knowledge in the area by performing internal research sprints and participate in various external research projects on circularity and longevity. The knowledge is spread through Product Development Forums, the Sustainable Design Manager’s involvement in every project, and through our Circular Design Guideline and supporting Repair and Recycling Guideline.

In recent years, we have focused on improving battery life. Battery capacity is among the most common factors that limit product lifetime. Since 2021, all our true wireless products have a set upper limit of 80–90 percent of full capacity to help the consumers extend the lifetime of their headphones. According to our battery suppliers, this feature can prolong the battery life by a factor of two to three. We have also introduced a smart battery preservation feature in Marshall’s app, where consumers can make conscious choices based on their preferences.

In the portable speaker Middleton, released in 2023, we have made great improvements on repairability, including a service centre replaceable battery pack. Repairability is another focus area in several ongoing headphone projects.

Headphone and Speakers material usage

Material groups	Total (tonnes)	Recycled (%)
Electrical Components	1749	0%
Wood	1197	0%
Plastic	885	39%
Metals	392	0%
Textiles and PU leathers	177	17%
Paper	165	10%
Elastomers	137	0%
Duromers	27	0%
Glue and tapes	26	0%

Materials

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

Since 2022, all new Headphones and Speakers have been manufactured using post-consumer recycled plastic (ABS or PC). For several products we’ve managed to exchange over 86% of total plastics to a recycled plastic alternative *. We have also introduced several recycled textiles and leathers. All recycled materials we are using are certified by Global Recycle Standard (GRS).

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 largely pre-defined in each industry, making them more complex to address. We are continuously assessing metals and minerals used in electronics and associated with big risks for negative sustainability impact, geopolitical challenges, scarcity, and increased costs. In 2023, we have therefore started an increased minerals focus. This has included raising awareness through internal training and collaborating with suppliers. The first initiatives have been taken to reduce the use of virgin and rare earth minerals in batteries.

In 2023, we have deepened our knowledge of the materials used in the Headphones and Speaker portfolio by gathering Bill of Materials data in a more structured way, using a software platform (see table). We have also initiated life cycle assessment of our best-selling product in each product category; Headband Headphones, True-Wireless Headphones, Portable Speakers, Home-line Speakers and Amplifiers. Further, together with a third-party, we have finalised a CO2eq emissions library covering the most used materials and components. This enables us to do more quantified analyses of material impact in design and measure progress towards our climate and material ambitions. As a next step, our goal is to use the knowledge in the design phase when making design and materials choices.

For packaging, our target is to design out plastic. In 2023, 99 percent of our packaging was paper based for Headphones and Speakers. Going forward we will improve the data to include Amplifier packaging materials. We have an internal packaging design team that makes sure that the Amplifiers, Headphones and Speakers are protected and presented in the best way while taking steps to minimise the environmental impact by optimising size and weight, using materials from renewable or recycled sources, designing out plastic.

* Excluding plastics used in electrical components.

FOR SEVERAL PRODUCTS WE’VE MANAGED TO EXCHANGE OVER 86% OF TOTAL PLASTICS TO A RECYCLED PLASTIC ALTERNATIVE *.

Circular business models - enabling longevity

Our Amps business has been a prime example of enabling the longevity of Marshall products for over 60 years. Through our own inhouse service centre in Milton Keynes, UK, we offer consumer repairs of the amps and support distributors and local authorised repair centres across the world with manuals and spare parts. Many amps and cabinets that we produced in the 60s are still played and loved by fans across the world to this day. We lean into this heritage as we look at implementing the circular business models to support our Headphones and Speaker business working both on product refurbishment and repair.

Refurbishment

For many years, we have refurbished thousands of speakers and sold them through partner channels. During 2023, our commitment to longevity took a significant stride with the initiation of sales for refurbished products in the EMEA market through our e-commerce channel. The products are refurbished by our service centres. We aim to give the customers the same experience as a new product would have given them. They come with the same uncompromised sound, a one-year warranty and are fully equipped with cables and manuals in the box. We intend to extend our refurbishment setup to further regions.

Repair

For Headphones and Speakers, consumers can buy spare parts that are worn out or get displaced, such as cables and headphone ear-cushions through our own e-commerce. We also provide repair services through warranty claims and paid repair services after warranty on most of our speaker models. Our repair service partners are re-using parts when possible, and if not possible, they use original spare parts to ensure quality and safety. In 2023, we established the first service centre in Hongkong covering e-commerce repairs from the APAC region. Going forward, offering, and expanding our repair solutions tp cover more products and more markets is one of our top priorities. ■

HUMAN RIGHTS

Marshall Group respects and supports internationally proclaimed human rights and aim to create a more equitable and sustainable society. As a global 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.

OUR SUPPLIER CODE OF CONDUCT CLEARLY LAYS OUT OUR EXPECTATIONS IN THE AREAS OF HUMAN RIGHTS ON OUR DIRECT SUPPLIERS AND THEIR SUB-SUPPLIERS.

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. We are committed to respecting human rights within our entire value chain, and do not tolerate child labour or any other form of forced labour in our own production or at any suppliers or partners. We comply with applicable national laws and international standards wherever the group operates. Marshall Group promotes fair working conditions, health and safety, the trade union rights of employees and the right to collective bargaining.

As a member of the UN Global Compact, Marshall Group takes responsibility for the UN’s ten principles in the areas of human rights, working conditions, the environment and anticorruption. In addition, our Supplier Code of Conduct clearly lays out our expectations in the areas of human rights on our direct suppliers and their sub-suppliers. ■

OUR EMPLOYEES



People come first in everything we do and our employees are the most important part of our company. With that in mind, we are focused on building a culture of belonging and an inclusive workforce 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 employees thrive and develop, to provide clarity on priorities, accountability and a structure that helps mitigate physical and mental risks for employees associated with their work. A strong culture needs to be nurtured, and alongside our work to ensure the wellbeing of our employees, 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 employees together across geographies and departments, from larger kick-offs to lunchtime seminars. Our strategic focus on diversity and inclusion, talent attraction and retention, and wellbeing are stated in our HR Policy, which also covers working conditions and labour rights principles.

Wellbeing

The wellbeing of all Marshall Group’s 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, safety and work life balance for our employees. This commitment



goes beyond compliance with local laws and regulations, and we follow up on employee wellbeing through both our managers, our HR team as well as twice a year through our employee survey.

As a part of Marshall Group’s leadership training program 2023, trainings were held within the focus areas stress and addiction. By educating managers about the effects of stress or addiction substance use on health, job performance, and work safety, potential issues can be identified early on, potentially preventing the escalation of problems, enhancing employee wellbeing and maintaining a productive and healthy work environment. At our production site in UK, during 2023 we have introduced a mental health program with the aim to reduce the stigma and increase awareness around mental health. The program includes trainings, deep-dive sessions discussions, mental health first aider, a wellness room and resources to help employees with varying needs associated with their mental wellbeing.

Health and Safety management

With two production facilities, one in the UK and one in Vietnam, Marshall Group's internal health and safety initiatives are highly prioritised to ensure that every employee will return home safe and healthy every day. Poor health and safety practices at the production facilities may cause ill health or a workplace accident with substantial consequences for individual employees. Marshall Group works actively and systematically to minimise the risk of personal injury and ill health.

Workplace representatives

Marshall Group’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 employees can reach out to the group with work related questions, anything from physical working conditions in the offices to social interaction or stress.

Hybrid work

Over the past years, we have used the learnings from the transition to a virtual workplace due to the pandemic, and combined these with Marshall Group’s ambition to keep cultural activities going. This has resulted in a flexible working model, giving the individual employee more power over their working situation and an opportunity to attend to the question of work-life balance. When possible, we provide flexible working models, with employees balancing working remotely and working in the offices. Our ambition is to gradually expand our flexible work policy to cover all Marshall Group office staff regardless of location.

Employee engagement survey

Through our bi-annual Employee Engagement Survey, employees share their thoughts about their roles, their teams and the company as a whole. This provides valuable insights into how our employees are feeling in terms of commitment, motivation, sense of purpose, alignment with our goals and their thoughts about the leadership. The Employee Engagement survey conducted during the fall in 2023 resulted in an Employee Engagement Index of 3.25 out of 4. The areas with the highest scoring results were in leadership and diversity and inclusion. The areas with the most opportunity for improvements were individual workload and clarity around role descriptions. To some degree this is naturally associated with the fact that the whole company and many departments have been going through structural changes as a consequence of the integration of Marshall Amps during 2023, and the results of these changes and effects on the organisation is monitored closely by the management team, supported by the managers across the organisation.

As a follow-up on the employee survey, the Management team are reviewing the results and considers any specific actions that needs to be taken. In addition, all managers receive training and a report to present to their team. The manager, together with the team, is discussing the results and actions are decided jointly.

EMPLOYEES DATA

Characteristics of Employees in own workforce

Gender	Number of employees (headcount)
Male	389
Female	367
Other	-
Not reported	-
Total employees	756

Country	Number of employees (headcount)
Vietnam	271
Sweden	214
United Kingdom	195
China	45
USA	18
France	7
Hongkong	6

Worker type	Number of employees (headcount)
Office staff	401
Manufacturing staff	355

Health and Safety

Health and Safety indicators	2022	2023
Sick leave, %	2,2*	4,2*
Number of Fatalities	-	0
Lost Time Injury (LTI)**, Number of incidents	-	1
Non Lost Time Injury (NLTI), Number of incidents	-	25

* Data covering fulltime employees in Sweden, China, USA, France and partly United Kingdom and Hong Kong.Total 38% of the employees.

** The LTI involved one permanent employee operating a saw in the woodmill in Milton Keynes, UK. The investigation showed that the operators' injury to his thumb was sustained by a projectile of wood that was ejected and hit his thumb. The operator was away from work for 7 days for dressing change and healing of the thumb. The incident was reported to UK HSE (Health and Safety Executive) as a RIDDOR.

Employee engagement indicators*

Employee engagement	2022	2023
Employee Engagement Index 1-100	80	81
Response rate, %	72%	82%

Diversity metrics

Gender distribution leadership positions (headcount)	Vice			
	Chief	President	Director	Overall
Total, number of persons	8	11	38	57
Male, %	75,0	72,7	57,9	66,0
Female, %	25,0	27,3	42,1	44,0

Employee age distribution	2023
Under 30 years, %	11,1
30-50 years, %	76,5
Above 50 years, %	12,4



DIVERSITY AND INCLUSION

Diversity and Inclusion (D&I) is one of Marshall Group’s four key strategic areas, one of our four “How to wins”. A diverse and inclusive environment drives innovation, increases employee engagement, improves decision making with more perspectives while preparing us to manage changes in a better way. Ensuring a diverse and equitable workplace, where all employees feel included and have equal access to opportunities is essential to enhance the wellbeing and attract and retain talent.

We want all our employees to feel included and part of Marshall Group, hence our D&I Strategy aims 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 was developed in close collaboration with our employees, based on their insights and perspectives, and consists of three pillars, each underpinning and supporting the strategy, and with corresponding KPIs and action plans:

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

Accelerate awareness

During the last years, we have put resources into increasing awareness about the D&I strategy, internally through mandatory training, and externally by sharing it with stakeholders. Several times per year, we also invite external speakers for inspiration and awareness building in our “Eyes on D&I” program.

Representation

During 2023, one common framework of titles and grades have been developed, introduced, and implemented which is enabling us to measure representation in a structural way to set targets on D&I. We are still working on a solution to collect representation data on more aspects than legal gender without jeopardising employee privacy.

Harassment and discrimination

Marshall Group 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 employees 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 can be reported through our anonymous whistleblowing channel, HR or management. Reported incidents are investigated to correct any damage and prevent re-appearance.

Talent attraction and retention

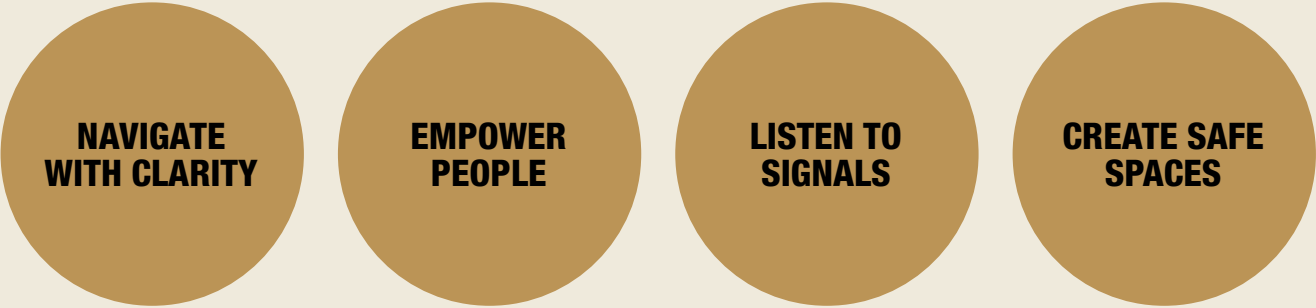
We have a broad variety of competencies in-house and hire new talents to a variety of disciplines, from design to acoustics, production operations to software, sales to development engineer, marketing to e-commerce and lots in between. Finding and keeping the right talents is key to ensuring we can continue to grow and strengthen our culture, and a workforce that truly reflects our world is the foundation of an inclusive culture and helps us to produce great products and sounds.

Talent Acquisition and onboarding

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, transparent, and forward-thinking recruitment process where each candidate gets the same opportunities and is evaluated on their merits. This starts at the recruitment stage. By research, we know that biases have an effect of the choices we make as humans. The primary thing we need to do is to constantly look over when, how and where in our recruitment process biases risk slipping in. To meet these risks, all employees are trained in diversity and inclusion and our talent acquisition team supports hiring managers throughout the whole process.

New employees enter an onboarding program including a two-day introduction training to the company and several mandatory online trainings that must be completed within three months. In production, additional trainings are added to the onboarding to ensure safety for everyone.

OUR LEADERSHIP PRINCIPLES



Talent development

Equally important to finding the right talent is retaining and developing the talents we have. Cultivating leadership, providing career paths, room for growth, learning and development are areas which our Director, Talent Development, works with to further strengthen our workforce.

To fuel our ambition, execute our strategy, care for our people, continue building strong teams and develop individual talents, a present and harmonised leadership is fundamental. During 2023, group leadership principles have been developed, launched, and trained to all leaders and people managers. The principles are based on input from leadership surveys and workshops, and guide us for how to show up as leader.

Clear career paths

At Marshall, we have clear and transparent career paths for both experts and leaders to enable talent growth and be an attractive employer. Each title and grade on the scale comes with clear and transparent expectations. To enable clarity, consistency and prevent discrimination of promotions we have a Talent mobility approval framework and process, where leaders can request promotions of employees in their team and where decision are based on the same criteria’s for everyone.

Learning and development opportunities

Marshall Group provides employees with a selection of learning opportunities to grow, develop and retain talents. During 2023, a number of trainings have been offered to a larger group within the company, for example the anti-bribery and anti-corruption training which is a

mandatory e-learning course applicable for all employees, as well as diversity & inclusion and data protection. Trainings are planned by managers and leaders and offered to upskill and reskill employees as needed in their job role, ranging from mandatory introductory, to advanced trainings.

Performance review

We always encourage a close and frequent dialogue between leaders and their team members on performance and individual growth. At the end of each year, an organised and mandatory performance review between leaders and employees occurs and is documented digitally in our HR platform. Before each performance review, people managers and leaders get trained in the process which is finalised with structured 1 on 1 conversations between employees and managers. A 360 review is mandatory for all leaders and people managers by anonymous peers. The performance review process is transparent to all employees and the results are used in talent mobility requests and serve as one of several criteria in the yearly salary review.

Individual goal setting

We have an individual goals framework to empower everyone to create individual goals that contribute to Marshall Group's ambition and strategy. It is essential to have clarity on company goals so everyone knows where we are heading and how to contribute. All employees are trained in the framework, how to enter goals in our HR system, and how to monitor progress throughout the year. Everyone’s individual goals are followed up mid-year as part of the yearly performance review. ■

MENTAL HEALTH – PUTTING WELLBEING AT THE HEART



Damon Wilson, Dean Bowditch, Di Evans and Warren Cox – Mental Health 1st Aiders at Milton Keynes.

At Marshall Group, we want to create an inclusive, open and respectful working environment, where every employee feels safe and valued and can be themselves. Mental health touches every aspect of our lives, especially workplace performance - productivity, creativity, and social engagement can all take a hit if an employee's mental health is suffering.

“By fostering an environment where mental health is openly discussed and supported, we can help break down barriers and encourage employees to open up and seek help if they are struggling”, says, Jenny Blackwell, Health & Safety specialist at Marshall Group's manufacturing site in Milton Keynes, UK. Jenny is passionate about her profession, working to reduce accidents, injuries and health issues. In her role, Jenny has ownership of the health and safety programs in Milton Keynes, training employees on procedures to avoid accidents or injuries, ensuring they are adequately trained to use equipment safely in production, and that necessary processes are in place to provide a safe working envi-

ronment. In close collaboration with HR, mental health initiatives strive to ensure parity between the way mental and physical health are treated in the workplace.

Since 2023, Jenny and the Milton Keynes team have included mental health as a part of their work, educating and increasing awareness around the subject by selecting specific mental health topics in which they deep-dive and do training, discussion sessions in smaller groups as well as information boards. Education around the topic is key to encourage more open communication around the topic within the workplace.

Mental Health 1st Aiders have also been introduced in Milton Keynes, as a step to 'normalise' and talk about mental health, creating an atmosphere where those who are struggling to feel comfortable discussing their symptoms, without fear of judgement or shame. The fact it is a colleague who is available in the workplace rather than, say, HR or a manager can also make it feel more approachable for employees. “By starting the conversa-

WE KNOW THAT THE EFFORTS FOR EMPLOYEE MENTAL HEALTH IS NOT JUST A BUSINESS IMPERATIVE, IT IS ALSO SIMPLY THE RIGHT THING TO DO SINCE THE WELLBEING OF OUR EMPLOYEES IS FUNDAMENTAL.

tions internally, and providing resources and support, we are taking positive steps towards creating a culture that views mental wellbeing as just as important as physical wellbeing”, says Jenny.

With many manufacturing jobs requiring long periods of high concentration, focus, and precision, the demands of the work can affect the mental well-being of employees. Hence, a wellness room has been set up in the Milton Keynes office – a quiet space where the employees can drop in if feeling stressed, anxious, or just in need of some time alone, providing them with a vital break away from the rest of the office. We know that the efforts for employee mental health is not just a business imperative, it is also simply the right thing to do since the wellbeing of our employees is fundamental. Introducing measures like these is a positive move towards a healthier and more productive work environment. “There is still a lot more we can do”, concludes Jenny with a smile. ■

RESPONSIBLE SUPPLY CHAIN

The electronics industry is associated with great challenges in terms of human and environmental health, from mineral sourcing to the end-of-life treatment of products. At Marshall Group, we are committed to improving workers’ conditions throughout the entire supply chain. Responsible sourcing for us means protecting the human rights of the workers across our supply chain while asking for more environmentally preferable materials and production practices. We are guided by universally recognised declarations, conventions, and guidelines such as the UN Global Compact and the ILO’s fundamental conventions, as well as our own internal standards.

As the risk for human rights violations increases as visibility decreases deeper into the supplier tiers, Marshall Group’s close collaboration with the Tier 1 suppliers is crucial to improve the transparency of our supply chain. The characteristics and number of Tier 1 suppliers vary depending on the product category. Our Amplifiers are manufactured inhouse and ingoing materials are purchased directly from hundreds of Tier 1 suppliers. Headphones and Speakers are designed in collaboration with a selected number of ODMs who are contractually responsible for the purchasing of ingoing materials and components.

Working with all suppliers to mitigate risks and ensure compliance to ethics, corporate compliance matters and

product compliance is essential. For Headphones and Speakers, we have close collaboration, train, and audit all the ODMs on our Supplier Code of Conduct, pushing our requirements up the supply chain together with these suppliers. Looking ahead, we plan to integrate our separate responsible sourcing practices into a common strategy with the aim of higher transparency and to minimize the negative environmental and human rights impact in the supply chain.

Responsible sourcing - Headphones and Speakers
Our requirements of and ambition for suppliers are summarised in our Supplier Code of Conduct. The Code of Conduct is an integrated part of the purchasing process and is included in all supplier agreements. We regularly update this document on issues such as management, labour and human rights, health and safety, environment and ethics.

Every ODM Marshall Group enters into an agreement with is required to adhere to the Supplier Code of Conduct including evaluating and monitoring its suppliers of content. At the same time, we know the immaturity of our industry in this area is evident, as we often meet suppliers who have never been asked about sustainability performance. To improve workers’ conditions higher up in the supply chain, collaboration and knowledge is key.

Since 2019, we have run a Supplier Development Program for Headphone and Speaker ODMs. Through the program, we engage closely with our active ODMs 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 ODMs, maintain quarterly dialogues, and provide training on our Supplier Code of Conduct.

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 have seen 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.

Supplier audits - Headphone and Speakers
Auditing across the supply chain is a way of ensuring that suppliers act in accordance with the requirements set out in our Supplier Code of Conduct. The audits allow us to gain insight into our suppliers’ practices and track progress. They increase transparency and help to hold us accountable for the conditions in our supply chain. 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 the 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 in 2019, the audit scores have been taken into account in our sourcing processes and we have prioritised manufacturers with high scores and shared values.

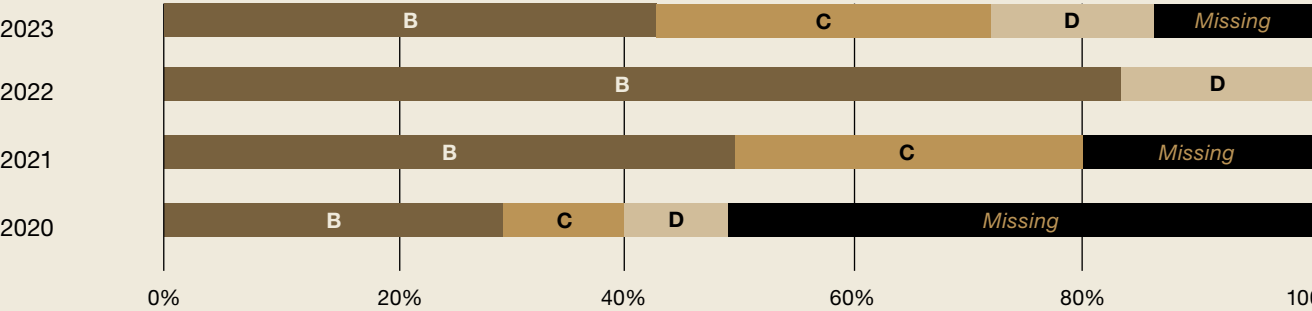
In 2023, for the first time, we have diversified our Tier 1 supplier base outside of China, introducing two new ODM sites, one in Vietnam and one in Thailand. Both sites were audited and being new to the requirements in our Supplier Code of Conduct, this affected our total audit scores. We have strengthened our local organisation and are working closely with the suppliers to close the gaps and become ready for production.

In addition, we are working to extend our audits deeper into our tiers to make the supply chain visible and transparent beyond Tier 1 manufacturers. In 2023, we performed nine audits of active or potential Tier 2 Material and Component suppliers. ■

Audits in number	2019	2020	2021	2022	2023
Marshall Audits	-	7	12	10	16
3rd party Audits	-	3	3	6	0

* No third-party audits were conducted during 2023 as the development and production of Adidas products have ended.

Supplier development program		2020	2021	2022	2023
ODMs	Number of active ODMs sites	10	10	6	7
	% of active suppliers with annual audit score	50%	80%	100%	86%
	% of active ODMs signed our Supplier Code of Conduct	23%	69%	100%	100%
Material and component suppliers (Tier 2+3)	Number of active Material and component suppliers included in our Supplier Development program	1	4	4	7



SUSTAINABILITY GOVERNANCE

Committing to sustainable operations requires a governance structure that allows us to manage our impacts, risks and opportunities in a responsible manner. The main purpose of having sustainability governance at Marshall Group 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. We continually focus on strengthening our policies, trainings and processes to establish a strong business conduct and ethics.



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 VP, Communications and Sustainability in the Management team is responsible for managing and overseeing the implementation of the company's sustainability ambition and strategy.

Group sustainability team: The Senior 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 Marshall Group's 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
Marshall Group is committed to the highest standards of ethical conduct and integrity in our business activities everywhere we operate. Our company Code of Conduct outlines the expected behaviour of our employees and helps us navigate everyday situations. As a part of our onboarding programme, new colleagues are trained in our Code of Conduct. Employees' man-

agers 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 of Conduct.

Anti-bribery and corruption
Marshall Group 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 as well in the Supplier Code of Conduct. The Anti-Corruption Policy is based on risk analysis and covers operational areas in the value chain with higher exposure to corruption risks. It is outlined in accordance with relevant international and local legislations.

OUR KEY POLICIES

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

Suppliers:
Supplier Code of Conduct

Customers:
Customer Privacy Policy



In 2023, a mandatory anti-corruption training for all employees was launched. The anti-corruption training is done via a digital training platform.

All product manufacturers are obligated to sign our Supplier Code of Conduct as they enter into business relationships with Marshall Group. We also conduct on-site sustainability audits and provide supplier training in our Supplier Code of Conduct.

Whistleblowing system

Marshall Group uses an external whistleblower provider 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. Marshall Group’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 VP, Communications & Sustainability. Routines are described in our Whistleblowing Policy. During 2023, one incident was reported into the system. The incident was assessed not to be a formal whistleblowing case and was instead handled by our HR department.

NETWORKS AND MEMBERSHIPS

Marshall Group is a member of key associations and initiatives that are directly or indirectly related to our material sustainability topics.

UN Global Compact

In August 2023, Marshall Group became signatory of the UN Global Compact. Global Compact is the world’s largest sustainability initiative for companies. The framework contains ten principles on corporate social responsibility. The principles are based on international conventions on human rights, labour rights, the environment and anti-corruption. We are proud to be affiliated with the UN Global Compact and are committed to adhering to the ten principles of sustainable business.

UN Sustainable Development Goals (SDGs)

Marshall Group uses the United Nation’s 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

Marshall Group is a member of the UN Race To Zero campaign and has committed to science-based targets to 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 Target initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, including providing a second opinion on the ambition level of targets set by corporates and other entities. Marshall Group’s net zero targets were approved by the SBTi’s board in 2023.

Cradlenet Network

Marshall Group is a member 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

Marshall Group is a member 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.

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 centre 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.

Sweden-China Trade Council (SCTC)

Marshall Group 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. ■

COMMUNITY ENGAGEMENT



Womenengineer IGE-day at Marshall HQ

Marshall Group puts a lot of emphasis on 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. 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. By strengthening the local community through activities and collaboration with organisations, authorities, and other stakeholders, Marshall aims to promote access to culture and diversity and inclusion in the industry. For instance, Marshall Group supports the music community through independent venues and NGOs, and activities can also include donations and voluntary work.

INCLUSION, EQUALITY, AND PASSION FOR MUSIC GUIDE US IN THE INITIATIVES WE CHOOSE TO ENGAGE IN.

In 2023, we were involved in several important community engagement projects. Our head office in Stockholm participated in an internship programme with Järvaskolan, providing access and inspiration to youth from marginalised areas. We held inspirational training days with Womenengineer through its project “Introduce a Girl

to Engineering Day” and co-created Fryshuset’s “YOU LIVE” initiative that enables young talent from marginalised areas to access the music industry.

In the UK, Marshall Group supported the charity “Girls Rock London”, aiming to provide all girls and women with the chance to make music. We are a yearly sponsor of the “Youth Music Awards”, and we also supported the annual international contest for female drummers “Hit Like A Girl”, which was held for the 12th consecutive year. Its purpose is to showcase and encourage drumming and lifelong musicianship for girls, women, female-identifying and non-binary individuals, regardless of age, playing level or geographic location. In addition,

Marshall Group supported “Independent Venue Week” (IVW), an annual seven-day celebration of independent music and arts venues, and the people that own, run and work in them.

We’ve also continued to build on our partnership with Women in Vinyl (See page 58).

Our main focus is to help build a better future where we can achieve the biggest impact through local engagement, but the urgency of the present is sadly often also a factor. Our largest charitable donations in 2023 were made to UNICEF, UNHCR and Save the Children, following the ongoing conflicts and wars around the world. ■

MATERIALITY RISK AND METHODOLOGY

The materiality analysis shows the areas where Marshall Group’s operations and sustainability initiatives have the greatest impact on the economy, environment and people. Marshall Group’s materiality analysis is based on several different elements: summaries of market trends, regulatory requirements, value chain mapping, surveys, stakeholder dialogues and the Group’s and management’s strategic priorities. Based on the insights and analysis, and with the assistance of external experts, 10 main impact material areas have been identified. The materiality analysis forms the basis for Marshall Group’s strategic direction and priorities within the Group’s sustainability agenda. On a yearly basis, the material topics are reviewed and validated by internal experts and the management team and by including external stakeholders directly every third year.

During 2023, our work has continued to ensure that our sustainability strategy supports efficient business operations, performs in line with our ambition and covers all the material topics. This will allow us to systematically report on all aspects of the operations and address progress and targets for each of our material topics. After the reporting period, a double materiality analysis has been carried out to determine material topics and sub-topics for future reporting.

MOST MATERIAL SUSTAINABILITY TOPICS

- 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

To have an ongoing dialogue with different stakeholders, such as colleagues, customers, suppliers, industry peers, policy makers, investors and society is of vital importance. The multitude of perspectives among the stakeholders help us innovate and prioritise as we de-

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



RISK MANAGEMENT

Marshall Group’s risk management processes include identifying, evaluating, and securing commercial, operational, financial, legal and regulatory risks, which also comprise sustainability related risks. The CEO is responsible for risk management. It is primarily managed by the management team in close collaboration with their operating units who are responsible for handling risks in their area of responsibilities.

Marshall Group’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. The latest structured sustainability risk analysis was finalised 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 improve the external communication, especially with our customers, about Marshall Group’s sustainability work. In 2023 a new risk assessment was initiated as part of the double materiality analysis according to the ESRS requirements.

SUSTAINABILITY RISK MANAGEMENT TABLE

Area	Material impact	Value chain Scope	Management
Environment	Environmental impact Marshall Group wants 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, Marshall Groups' brand could be exposed if associated with causing negative environmental impacts	<ul style="list-style-type: none">- Product Design- Raw Material Extraction- Component Assembly- Final Product Assembly- Marshall Group operations and Sales- Product Distribution and Repair- Consumer Use- End of Life Treatment	<ul style="list-style-type: none">- 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 Marshall Group's commitment to always respect Human Rights and 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	<ul style="list-style-type: none">- Raw Material Extraction- Component Assembly- Final Product Assembly- Marshall Group operations and Sales- Product Distribution and Repair- Consumer Use- End of Life Treatment	<ul style="list-style-type: none">- Marshall Group Supplier Code of Conduct, (revised 2021) communicated and signed by 100% of active ODMs- Sustainability training for product manufacturers and sourcing managers- Audit of product manufacturers, both Marshall Group audits and third-party audits- Risk analysis
Anti-corruption	Fight corruption Marshall Group 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 Marshall Group does not follow these principles, it can jeopardise the company's reputation and can also result in fines.	<ul style="list-style-type: none">- Raw Material Extraction- Component Assembly- Final Product Assembly- Marshall Group operations and Sales	<ul style="list-style-type: none">- 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 Marshall Group partly manages the entire value chain in-house, having expertise within several business-critical areas. Having employees with the right competencies in the right position is business critical.	<ul style="list-style-type: none">- Product Design- Marshall Group operations and Sales	<ul style="list-style-type: none">- 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 Marshall Group. This commitment goes beyond compliance with local laws and regulations.	<ul style="list-style-type: none">- Product Design- Product Distribution and Repair	<ul style="list-style-type: none">- 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.



REPORTING METHODOLOGY

In preparation for the EU Corporate Sustainability Reporting Directive (CSRD), this report has been structured in line with the recommendations of the European Sustainability Reporting Standard (ESRS).

Greenhouse Gas Protocol

When measuring, analysing and reporting emissions of CO2 and other greenhouse gases, Marshall Group uses the global Greenhouse Gas Protocol standard for its calculations. The different gasses are calculated into CO2 equivalents (CO2eq) depending on their global warming potential. When breaking down Marshall Group’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 vehicles. Since we have chosen to use a financial approach when declaring our emissions, only the corresponding emissions, in our case, to the mobile combustion from leased or owned vehicles and fugitive emissions (refrigerants) were registered in this section.

Scope 2: Indirect emissions from purchased electricity, heating and cooling associated with the operations of Marshall Group’s production sites in the UK and Vietnam, as well as the offices located in Stockholm (HQ), 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. The Scope 3 categories that Marshall Group has not included are upstream and downstream leased assets, processing of sold products, franchises and investments. These categories are either not relevant or applicable for our operations GHG accounting.

Scope 1. Company facilities and vehicles

For calculating the emissions associated with Marshall Group's vehicles, either own or leased, two different methodologies were followed, depending on the data available, fuel or distance based.

Fuel

Based on the fuel consumption reported per fuel type, and the corresponding emission factor.

$$\sum (Fuel\ consumption\ per\ type\ (liters) \times Emission\ factor\ \left(\frac{tCO2eq}{liters}\right))$$

Distance based

In case it is not possible to get the fuel consumed, the distance travelled by vehicle type was used to calculate the emissions, as well as the corresponding emission factor.

$$\sum (Distance\ traveled\ per\ vehicle\ type\ (km) \times Emission\ factor\ \left(\frac{tCO2eq}{liters}\right))$$

It is relevant to mention that in the case of electric vehicles, the emissions were allocated in Scope 2, Purchased electricity, as well as in Scope 3, Category 3 Fuel and energy related activities.

Scope 1. Refrigerants use

Emissions generated in facilities based on the refrigerants losses leakage along the year. Emissions were calculated using the refrigerants purchased during the year, as well as the refrigerant levels difference between the end and the beginning of the year, and the corresponding emission factor per refrigerant type. gies were followed, depending on the data available, fuel or distance based.

$$\sum (Refrigerant\ leakages\ per\ type\ (liters) \times Emission\ factor\ \left(\frac{tCO2eq}{liters}\right))$$

Scope 2. Purchased electricity, steam, heating and cooling

Using as input the energy consumption measured by each of Marshall Group’s offices and production sites, as well as the corresponding emission factor (for purchased electricity location and market based) the CO2eq emissions were calculated. The offices in Sweden and Hong Kong have their respective emission factor provided by the service providers, and in the case of the production site in Milton Keynes, UK, an extra fee was paid for renewable electricity.

$$\sum (Energy\ consumption\ per\ type\ (kWh) \times Emission\ factor\ \left(\frac{tCO2eq}{kWh}\right))$$

In the case of the offices with a co-working spaces (London and Hong Kong), an emission factor per employee and working days was used. However, since this data was not directly measured and is based on a proxy, it was decided to include it in the Scope 3 Category, 3 Fuel and energy related activities.



Scope 3 Category 1. Purchased goods and services

Two main methodologies were followed for the greenhouse gases emissions calculation. Firstly, a mass-based methodology for the Headphones and Speakers, using the materials composition per product, as well as an emission factor associated to each material. In addition, the energy used for the product assembly was included, resulting in an emission factor per unit. Finally, to calculate the annual emissions, the emission factor per unit was multiplied with the number of units of each product purchased during the current year.

$$\sum (Units\ per\ product\ (units) * (\sum (Material\ per\ type\ (grams) \times Emission\ factor\ (\frac{tCO2eq}{grams}))))$$

Also, a spend-based methodology was used for purchases of goods as the materials for the amplifiers production, offices supplies, and services as the equipment repair, marketing, research and development, among others. The purchases include our operations in all our offices and production sites.

$$\sum (Amount\ spent\ per\ type\ (USD) \times Emission\ factor\ (\frac{tO2eq}{USD}))$$

Scope 3 Category 2. Capital goods

Similar to Category 1, calculating the emissions associated with capital goods, a spend based methodology was followed, using the amount spent on machines and equipment required for the production as input, as well as the corresponding emission factor.

$$\sum (Amount\ spent\ per\ type\ (USD) \times Emission\ factor\ (\frac{tO2eq}{USD}))$$

Scope 3 Category 3. Fuel and energy related activities

The category complements the emissions from purchased electricity, 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, as well as the losses generated during the transmission of electricity.

$$\sum (Energy\ consumption\ per\ type\ (kWh) \times Emission\ factor\ (\frac{tO2eq}{kWh}))$$

Also, as mentioned previously, this category includes the energy consumed in the offices in Hong Kong and London, based on consumed energy per employee.

$$\sum (Number\ of\ employees\ (employees) \times Energy\ consumption\ (\frac{tO2eq}{kWh}) \times Emission\ factor\ (\frac{tO2eq}{kWh}))$$

Scope 3 Category 4 and 9. Transportation and distribution (upstream and downstream)

Using the registers 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 modes (road, sea, air or rail).

$$\sum (Products\ (tonnes) \times Distance\ traveled\ per\ mode\ (km) \times Emission\ factor\ (\frac{tO2eq}{km * ton}))$$

Scope 3 Category 5. Waste generated in operations

Since there is a different level of information available, and type of operations per unit along Marshalls Group units, two different methodologies were used for the greenhouse gases calculation. For the production sites and the headquarter, an emission factor per material and waste treatment was used.

$$\sum (Material\ type\ per\ waste\ treatment\ (tonnes) \times Emission\ factor\ (\frac{tO2eq}{ton}))$$

For the other offices, since there was not registered information, or was nor available, an average emission factor per employee was used.

$$\sum (Number\ of\ employees\ (employees) \times Emission\ factor\ (\frac{tO2eq}{employee}))$$

Scope 3 Category 6. Business travel

In this particular category, to consider the emissions generated among the different activities, different methodologies were used. Firstly, if there was an emissions report pre-calculated by an airline, rail company, etc., then this calculation was considered. In the case of flights, since air traveling has a high impact compared to other modes, an emissions calculator was used. This tool estimates the emissions based on the distance between airports, number of passengers and ticket class.

$$\sum (Pre - calculated\ emissions\ (tO2eq))$$

If there is not a pre-calculated emissions report provided, then a spend-based emission factor was used for calculating the emissions associated with flight and train tickets, taxis, rental and private cars on duty, as well as hotels.

$$\sum (Amount\ spent\ per\ type\ (USD) \times Emission\ factor\ (\frac{tO2eq}{USD}))$$

In the cases of rental and private cars on duty, a distance and fuel-based methodology was used for the emissions calculations.

$$\sum (Distance\ traveled\ per\ mode\ (km) \times Emission\ factor\ (\frac{tO2eq}{km}))$$

$$\sum (Fuel\ consumption\ per\ type\ (liters) \times Emission\ factor\ (\frac{tO2eq}{liter}))$$

In the cases of rental and private cars on duty, a distance and fuel-based methodology was used for the emissions calculations.

$$\sum (Hotel\ nights\ per\ country\ (nights) \times Emission\ factor\ (\frac{tO2eq}{night}))$$



Scope 3 Category 7. Employee commuting

Based on a survey carried out on among the employees during 2022 in the offices located in Stockholm, London, Hong Kong, Shenzhen, Paris and New York, and in 2021 for the production sites in Milton Keynes and Vietnam, transport habits were identified along with the average number of days employees work from home for each location. Using the mode of transportation and the distance traveled 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 cases where there was no response, it was assumed that the results were representative for each office.

$$\sum \left(\text{Number of employees per mode of transport (employees)} \times \text{Distance traveled (km)} \right. \\ \left. \times \text{Emission factor} \left(\frac{\text{tO2eq}}{\text{night}} \right) \right)$$

Scope 3 Category 11. 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 registered during the year, also considering the country where they were sold since this determines the electricity emission factor. For the estimation, the entire lifespan of the product is taken into account, in addition to an estimate of the use of the product and the power consumption.

The Speakers' power consumption is divided in three operational modes: off, on and standby. On the other hand, the Amplifiers have two operational modes: on and off. It is important to mention that for the amplifiers, home and movable speakers ,the same methodology was used, based on power consumption measurements, to calculate the total power consumption for the whole product lifespan.

$$\sum \left(\text{Power measurement per mode (kWh)} \times \text{Usage per mode (hours)} \times \text{Lifespan (years)} \right)$$

In the case of Portable Speakers and Headphones, the power consumption was calculated based on the number of times that the product must be charged per year. For this calculation, it was necessary to consider the product's play-time, i.e., the number of hours that a product can be used after being charged.

$$\sum \left(\frac{\text{Days per year (days)}}{\text{Playtime (hours)}} \times \text{Usage} \left(\frac{\text{hours}}{\text{day}} \right) \right)$$

Once the number of times to be charged has been calculated, the power consumption can be calculated based on battery capacity (considering loses) and the product lifespan.

$$\sum \left(\text{Number of times to be charged by product} \left(\frac{\text{times}}{\text{year}} \right) \times \text{Battery capacity (kWh)} \times \text{Lifespan (years)} \right)$$

With the power consumption calculated, using the emission factor and sales per country as input, the emissions associated to the use products sold during 2023 were calculated.

$$\sum \left(\text{Units per product (units)} \times \text{Power consumption per product (kWh)} \times \text{Emission factor} \left(\frac{\text{tO2eq}}{\text{kWh}} \right) \right)$$

Scope 3 Category 12. End of life

As in the case of the Category 1 Purchased goods and services category, the estimate is based on the products material composition, but in this case, the emission factor is associated with the waste treatment for each material and the sales registered, giving an emission factor per unit as result. This calculation was done only for Headphones and Speakers.

$$\sum \left(\text{Units per product (units)} * \left(\sum \left(\text{Material per type (grams)} \times \text{Emission factor} \left(\frac{\text{tCO2eq}}{\text{grams}} \right) \right) \right) \right)$$

Marshall Group is the audio, tech
and design powerhouse uniting
musicians and music lovers through
genre-breaking innovation.