Driving sustainability is more than just the right thing to do. It is a business imperative, and will only become more crucial in years to come. See how HARMAN is taking proactive measures to advance our position as a responsible corporate citizen.
I’m pleased to share HARMAN’s most recent Corporate Citizenship Report reflecting our progress over the past two years. We have continued to advance our sustainability practices thanks to the dedication and purpose-driven passion of our employees. 

Engaging with the communities in which we operate, our employees around the world and our planet’s environment are all central to HARMAN’s core mission and global purpose to connect people by creating meaningful, personalized experiences. This purpose has helped distinguish our reputation with our suppliers, customers and within our communities for more than 60 years. We are proud of the gains we’ve made, but we also recognize that we are on a journey of continuous improvement.

This report covers progress and examples from the past two years — highlighting key areas of focus for HARMAN.

There are three overarching values we focus on as an organization to be ethical, inclusive, and accountable. At HARMAN, people are the root of each of these strategic focus areas, and our employees embody these values. This focus extends from our business operations to the communities in which we live and operate. As many critical frontline workers faced shortages of protective equipment at the height of the COVID-19 pandemic, our colleagues in Europe used 3D printers to make face masks for healthcare workers who were treating hospitalized patients. On a global level, we supported World Health Organization and UNICEF’s COVID-19 Solidarity Response Fund to help them deliver hundreds of millions of protective items for healthcare workers along with urgently needed medical equipment and hygiene supplies to fight COVID-19.

More personally, HARMAN is dedicated to providing a safe and diverse workplace in which every employee can thrive and grow. We provide a multitude of learning experiences, professional training, and career development opportunities. Harman promotes inclusion, allyship, and supportive training through HARMAN University. We offer employees the opportunity to acquire skills and tools to grow professionally as well as expand their perspective on empowerment and equality. For example, in 2020, more than 100 female employees received micro mentoring from women at manager level and above. We also established our HARMAN Black Professionals Network that ensures that our hiring process is equitable, that we support the development and advancement of Black employees, that we retain Black talent through a fair and inclusive environment, and that our culture is supportive both internally and externally.

Environmental stewardship is critical to our success — in our business and communities. Tracking our environmental performance plays a key role in our high-level business strategies. Our cross-functional and multi-divisional monitoring system revealed that between 2018 and 2019, our absolute Scope 1 and 2 GHG emissions decreased six percent, our waste generation decreased by two percent, and we eliminated or avoided 2,161 metric tons CO2e. While we are proud of these improvements, we know that we have opportunities to do even better. In 2020, Harman commissioned an Energy Study to make initial steps towards the development of a time-bound energy goal that will be defined and actioned in 2021.

HARMAN’s commitment to sustainability and increasing demand for green products inspired the JBL Flip 5 Eco edition. HARMAN’s first portable Bluetooth speaker made out of 70% recycled plastic. Other recent products that prioritize sustainability and responsible sourcing include our EV Plus+ solutions that deliver premium in-cabin experiences for eco-conscious consumers as well as HARMAN’s energy efficient amplifiers and shift towards sustainable packaging.

Our philanthropy is centered on our global cause initiative, HARMAN Inspired, which collaborates with partners to empower the next generation of technology leaders through unique, immersive and meaningful experiences in music education, technology and community service.

Knowing that we’re stronger together, HARMAN supports the work of nonprofit partners around the world. Recently, HARMAN Inspired collaborated with music education nonprofit Little Kids Rock and our JBL brand ambassadors to donate thousands of headphones to help students learn at home. Additionally, we continued to partner with 1,000 Dreams Fund to help young women pursue careers in STEM by funding micro-grants.

Recognizing our accomplishments is important, but it’s also critical to take further action and acknowledge that there’s much more to be done. After all, sustainability is about ensuring the well-being of people and communities around the world and about future-proofing organizations by addressing environmental, social and governance issues with consumer expectations, digital communication and society evolving at lightning speed, we must hold true to this commitment.

As we navigate these unprecedented times together, upholding our sustainability commitments is one way we can make a difference today—and for future generations. I look forward to continuing our corporate citizenship journey together.

We are proud of the gains we’ve made, but we also recognize that we are on a journey of continuous improvement.
ABOUT HARMAN

HARMAN International (HARMAN) reinvents smart consumer experiences that make life easier, productive and entertaining – at home, in the car or on the go. We design, manufacture, and engineer connected products and solutions for automakers, consumers, and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions, and services supporting the Internet of Things. With leading brands including AKG®, Harman Kardon®, Infinity®, JBL®, Lexicon®, Mark Levinson® and Revel®, HARMAN is admired by audiophiles, musicians, and the entertainment venues where they perform around the world. More than 50 million automobiles on the road today are equipped with HARMAN audio and connected car systems. Our software services power billions of mobile devices and systems that are connected, integrated and secure across all platforms, from work and home to car and mobile. HARMAN has a workforce of approximately 33,000 people globally. In March 2017, Samsung Electronics completed the acquisition of HARMAN International Industries, Incorporated (“HARMAN”). As such, HARMAN now operates as a standalone Samsung subsidiary delisted from the New York Stock Exchange and overseen by a Board of Directors.

We are proud to operate in more than 30 countries, spread across the Americas, Europe, Asia Pacific, the Middle East, and Australia. Our dedication to learning, growth, and high-quality products has led to the creation of more than 6,500 patents and patents pending, and more than 80% of luxury cars are now equipped with our premium systems.

In 2020, we restructured our company by merging four business divisions into two: Automotive and Lifestyle. The refreshed Lifestyle division combines our consumer-related Audio Services and Professional Solutions Services. This modification consolidated our sales and project engineering teams and created a clear point of contact for all automotive customers. The new Automotive division combines the Connected Car and Connected Services divisions with the automotive-related activities of Audio Services. This evolution framework to:

- Manage frequent customer ESG and sustainability questionnaires
- Identify energy-saving opportunities within our manufacturing operations – both regionally and globally
- Implement a new, more robust supplier sustainability policy
- Undertake various sustainability initiatives within our global operational teams

CORPORATE CITIZENSHIP

We believe that by focusing our internal efforts on what is most material to our business, we can lessen our environmental impact and have a positive impact on the world. That’s why we are working on developing a focused sustainability strategy at HARMAN. This process requires strategic planning that mobilizes all cross-functional global teams to identify environmental, social, and governance (ESG) risks and opportunities throughout our operations and value chain. During the past two years, we have relied on this evolving framework to:

- Serve as responsible corporate citizens in our communities
- Advance our workplace related to diversity, equity and inclusion (DE&I)
- Being a responsible corporate citizen means balancing the expectations of business, stakeholders, and communities. Driving sustainability is an ongoing challenge that requires constant collaboration between all parties. To address this critical priority, we empower our customers, suppliers, and external resources to help us continuously improve. We actively work with third-party rating agencies and consistently challenge ourselves to ensure that our business strategy is aligned with environmental, social, and governance matters. We use a materiality assessment to prioritize issues and ensure that we focus on what matters most to our business and stakeholders.

The topics of greatest importance to our stakeholders (listed in the table below) play a large role in our planning and in this report.

### PEOPLE

- Diversity and Equal Opportunity
- Employee Attraction, Recruitment, Development, and Retention
- Training & Education, and Development
- Human Rights
- Child, Forced, or Compulsory Labor
- Workplace Exposure Risk Management

### PLANET

- Compliance
- Energy and Greenhouse Gas Assessment
- Product Lifecycle Assessment
- Waste/Materials Reduction

### PERFORMANCE

- Anti-corruption
- Security Policies & Practices
- Compliance & Transparency
- Customer Privacy, External Reporting
- Occupational Health & Safety
- Procurement Practices

### SUPPLY CHAIN

- Supplier Assessment for Labor Practices
- Supplier Human Rights and Environmental Assessments
- Responsible Sourcing

### BUSINESS

- Economic Performance
- Customers
- Market, Presence
Global purpose and sustainability are top priorities at HARMAN. There are three overarching qualities we strive for as an organization: to be ethical, inclusive, and accountable in all that we do, and each of these fuel our innovation, diversity of thought and business growth. Our commitment to our communities and promoting a more sustainable future are tied to each other – it is our people who bring these values to life. And, while we acknowledge our success as a global citizen, we also recognize that our work towards creating a more environmentally and economically sustainable future is never complete.

Our philanthropy is centered on our global cause movement, HARMAN Inspired. By supporting and collaborating with partners around the globe, we are steadfast in our mission to empower the next generation of technology leaders through unique, immersive, and meaningful experiences in music, technology, and community service. In collaboration with local schools and universities, nonprofit organizations, and community-focused initiatives, HARMAN Inspired provides opportunities for employees to impact our communities and connects young people to diverse experiences in Science,Technology,Engineering,Arts, and Mathematics (STEAM). Examples of how this mission comes to life by collaborating with strategic partners and empowering our employees to drive change include the following:

**Little Kids Rock:**
Little Kids Rock helps teachers and schools build, restore, and expand music programs as diverse as the kids they serve. By partnering with public school districts in some of the nation’s most underserved communities, Little Kids Rock helps bring the gift of music-making to students by supplying musical equipment and providing training courses to teachers and educators. HARMAN’s five-year relationship began with the development of the JamZone, an innovative online tool that provides free music instruction to kids and adults of all ages.

The forward-thinking HARMAN Inspired team saw the value of and demand for online music education before the global pandemic forced many in-person activities to transition to online. Web traffic to our virtual JamZone, which has been a valuable resource to music students for years, grew from approximately 24 thousand monthly users in February 2020 to 65 thousand monthly users just six months later and that trend continues to increase. HARMAN has increased engagement and support through the provision of professional development training, curricula, and instruments to music teachers in the U.S. states of Texas, Michigan, California, and New York — some of whom can’t be in the classroom because of the pandemic. To help support teachers, parents, and students working and learning from home, HARMAN’s iconic JBL brand also partnered with Little Kids Rock in 2020 on two national efforts that supplied ten thousand Headphones to youth in underserved communities.

**Make Music Day:**
Make Music Day is a global celebration of music that encourages people of all ages to experience the joy of making music. For the past several years, HARMAN has partnered with the Make Music Alliance as the official sound of Make Music Day Street Studios. These mobile recording studios are equipped with state-of-the-art microphones, speakers, recording equipment and a variety of instruments from HARMAN, all readily available for any passerby to come lay down their own track. Over the course of the day, musicians of all levels -- from experts on the guitar to burgeoning drummers -- can discover the expressive power of music. In 2019, we supported Street Studio locations in Hungary, Mexico, Russia, New York, California, Michigan, Connecticut, and Washington D.C.; U.S.; After Make Music Day, the equipment used in the Washington D.C. Street Studio was donated to a local academy and will be used in a new pilot program for young artists to produce electronic and live music. Highlights of HARMAN employee engagement during Make Music Day includes live band performances, meditative yoga to live music, guitar hero and karaoke face offs, children’s art contests, and even a disco party. Due to COVID-19, Street Studios were put on hold in 2020. To continue the celebration, HARMAN highlighted Make Music Day in a special episode of our Audio Matters podcast and released a consumer study on the impact of music, especially during the COVID-19 pandemic.

**Thayer School of Engineering**
In the U.S., HARMAN partners with the Thayer School of Engineering at Dartmouth College on their Formula Hybrid competition. In addition to sponsorship, HARMAN engineers provide their unique expertise in the area of smart and connected vehicles to advise teams at universities situated around the globe. HARMAN also invests in innovative programs and competitions with leaders such as the XPrize, the Wadhwani Foundation and the Society of Women Engineers.
Environmental Initiatives

• As the importance and development of technology continues to rise, so does the production of electronic waste (e-waste). E-waste is the world’s fastest growing domestic waste stream, and only approximately 17% of e-wastes are recycled or repurposed. In 2019, inspired by Earth Month, HARMAN held our first E-Waste Recycling Event. Employees were encouraged to bring unwanted electronics, such as old cell phones, batteries, and laptops to their local office to be recycled and repurposed. Lack of information and concerns over data security are both barriers towards the proper disposal of e-waste. HARMAN’s global technology hubs were used to destroy sensitive data and properly recycle or refresh donated items to after-school programs and libraries. HARMAN’s suppliers were also encouraged to participate in the initiative. During HARMAN’s Earth Month E-Waste Recycling Event, the seven tons of e-waste items collected at HARMAN sites around the world were categorized and responsibly recycled, re purposed or donated to a local charity, such as a library or after school program.

• At our facilities in Brazil, Mexico, and Hungary, employees and their families receive awareness training and are invited to participate in annual reforestation campaigns.

• Every HARMAN site has individual campaigns for environmental conservation, protecting endemic species, and involve employees at all levels.

Financial contributions

One financial contribution program HARMAN supports is the 1,000 Dreams Fund (1DF). This fund provides scholarships to young women of high school and college-age in the U.S. to cover the costs of training exams fees, tutoring services, technology and books for school. HARMAN is proud to continue to support the “NewFaceofTech” campaign, which promotes and funds extra-curricular female college students pursuing careers in Science, Technology, Engineering, Arts, and Math. The program has grown since its inauguration, where only two of ten finalists received grants. In 2019, 15 outstanding women each received career coaching from HARMAN executives. Over 100 grants have been provided through this program. The fourth iteration of the competition, which launched in October 2020 amidst a global pandemic when support was particularly critical, went a step further still by helping build a pipeline of employment opportunities for all program applicants interested in tech careers – not just the winners.

Through our partnership with the 1DF, HARMAN also participated in the first “BroadcastHER Academy Challenge – Powered by HARMAN”. This competition awarded nine young women pursuing careers in e-sports and gaming with a microgrant each from HARMAN to further their professional development and an all-expense paid trip to Allied Esports’ global flagship venue, the HyperX Esports Arena in Las Vegas. The challenge winners also received mentoring sessions with HARMAN and HyperX and shadowed the Allied Esports team members for a day.

Trade associations

HARMAN engages with community organizations in several ways, both through trade associations as well as government bodies. HARMAN works with the Consumer Technology Association, Business Roundtable, and U.S. India Business Council to provide education on the environmental and sustainability benefits related to autonomous vehicle testing and deployment. HARMAN also works with trade associations to develop and execute autonomous vehicle advocacy activities and programming.

In addition, HARMAN engages with local, state, and federal regulators and legislators. We are active members of the Coalition for Future Mobility, a multi-stakeholder group focused on the advancement of automated vehicle legislation, and the encouragement of consumer awareness related to the environmental benefits of automation and more efficient methods of mobility. Additionally, our experts serve as committee members on the Alliance for Automotive Innovation’s Energy and Environment Committee. This group employs a collaborative, strategic, and forward-looking approach to address critical near-term policy and technical challenges. All efforts aim to create a level playing field and sound policy that helps members succeed and compete while supporting their energy and environmental goals.

COVID-19 Relief Response

The COVID-19 pandemic has presented new challenges for people, businesses, and economies throughout the globe. As such, HARMAN identified new ways to provide support, mitigate the spread of the virus and weather its impact through our global cause platform, HARMAN Inspired. Through HARMAN Inspired, we are continuing to embrace the spirit of generosity and support our communities by:

• Donating on a global level to the World Health Organization and UNICEF’s COVID-19 Solidarity Response Fund. HARMAN also donated to Feeding America, the nonprofit organization and largest hunger-relief organization in the U.S., to help deliver meals to families that normally rely on school systems to help provide food or who are otherwise unable to secure reliable meals for their families. HARMAN teams in Romania, India, and other countries have also donated to local community organizations.

• JBL partnered with Little Kids Rock to deliver more than 6,000 headphones to underserved communities across the U.S. to support those working and learning from home. With further support from brand ambassadors Aaron Judge, Julius Randle, Keny Smith, Priyanka Chopra Jonas, Kumbia Kalack, Zach LaVine, Giannis Antetokounmpo, Andre Drummond and Bam Adebayo, JBL and Little Kids Rock are reaching teachers and students across cities including New York City, Los Angeles, Boston, Chicago, Milwaukee, Cleveland, and Miami.

Our employees and business focus is responding with the same generous spirit:

• Donating protective face masks. HARMAN’s automotive teams partnered with local volunteers and suppliers to 3D-print protective face masks to help replenish the supply of PPE and protect healthcare workers who are treating coronavirus patients. The teams provided enough supply for several hundred hospital workers who were struggling to meet the demand for protective gear. Employees based out of HARMAN’s Dandong, China office also spearheaded relief efforts to provide additional medical supplies across the region and proactively donated protective face masks to the Dandong government.

• In entertainment, our experience has shifted from traditional venues to streaming and viewing from home to accommodate music professionals whose jobs have been affected or lost due to the COVID-19 pandemic.
Diversity, Equity and Inclusion

Teamwork and respect are integral values at HARMAN. We have a zero tolerance policy for discrimination in our operations or in the recruitment process. We are committed to our employees’ safety and well-being and to creating a culture of inclusion. We have established policies around equal employment, a harassment-free workplace (for all including suppliers, customers, and independent contractors), and the protection of human rights. Our commitment to inclusion is reinforced at every level. Our Corporate Diversity, Equity & Inclusion Team, Global Diversity & Equity & Inclusion Council, and Local Diversity, Equity & Inclusion Teams support and encourage all of our employees in their careers. The mission of our Global Council is to establish and drive standards that support and promote diversity and understanding, and inclusiveness across the company. This group also works to increase minority representation and ensure that equitable opportunities and development are available for all.

Two areas of focus include gender and racial equality. At HARMAN, we aim to advance female representation throughout our business. While underrepresented in the tech industry women hold top ranking positions within our Finance, Legal, Compliance, Talent, and Intellectual Property teams. While our female population has increased over the past three years, we have more work to do to create a more gender diverse environment. We leverage our strong global HARMAN Women’s Network (HWN) to promote inclusion and affirmship through the advancement and recognition of women. HWN has 28 chapters across 14 countries and offers programs, panels, local activities on topics including gender equality and empowerment. Initiatives include Global Fireside Chats with female leaders across the globe, Amigo (a new maternity engagement program for mothers in India), and global micro mentoring. Through Amigo, HARMAN provides mothers with resources, reintegration programming, and opportunities to engage with other mothers at HARMAN. In 2020, more than 100 female HARMAN employees received micro mentoring from women at manager level and above. Women from 12 countries participated, and all areas and divisions were represented. We also understand the power of recognition: in India we invited female engineers to share their stories and experiences through the #WonderfulWomen@HARMAN initiative. Ten stories were chosen and shared through HARMAN India’s social media.

In 2020, we established our Black Diversity Task Force and HARMAN Black Professionals’ Network. We held a Town Hall with an external facilitator and surveyed our Black employees to better understand their experience at HARMAN and the ways in which we as a company can better support and encourage their success. We aim to ensure that our hiring process is equitable and inclusive, that we support the development and advancement of Black employees, that we retain Black talent through a fair and engaging environment, and that our culture is inclusive and supportive both internally and externally.

Environmental Health and Safety

Providing our employees with a safe and secure work environment that acknowledges psychosocial and physical well-being is our responsibility. During the COVID-19 pandemic, we have taken the necessary measures to protect our employees. For three months, all manufacturing operations were closed as we followed global guidance and evaluated the necessary steps to provide a safe work environment. Some of these measures have included office closures, the option to work from home, additional emphasis on the requirement and proper use of PPE, social distancing and physical barriers, closure of training and meeting rooms, and the implementation of cleaning schedules. In India, we instituted a track and trace solution for employees to keep them apprised of potential increased COVID risks. We track our employees who have contracted COVID-19 and have implemented a COVID-19 leave policy. This policy is intended to ensure that our employees are not forced to choose between their paycheck and their health or staying home to quarantine. We are constantly reviewing our policies to ensure that we are following best practices and protect our employees. We also acknowledge that the impacts of COVID-19 go beyond the physical. We have developed courses through HARMAN University to support our employees on topics such as productivity at home, managing anxiety, embracing digital solutions, and overcoming bias.
Employees (Continued)

We continue to follow local and global policies for work and to implement safety procedures as employees across the globe return to our offices. Our company-wide return-to-work procedures include the following:

- **Office Locations:** The regular distribution of new face masks to employees, in keeping with our protocols that require employees to wear face masks and/or coverings in the office. The implementation of new health codes and procedures, which include body temperature screenings. Additional training on the new procedures for safe work, such as social distancing policies and enhanced cleaning schedules.

- **Manufacturing Facilities:** Safety measures include the installation of physical barriers, requiring masks and temperature readings; social distancing; intensive equipment disinfection; and footwear disinfection before entering the facility.

We are continuously evaluating our programs and procedures, environment, and training to protect our employees. In 2019, we observed a marked decrease in work-related accidents that correlates with strong manufacturing team participation in health and safety committees in the same year. Globally more than 900 employees participated in our environment, health, and safety programs, including Steering and Safety Committees, and Emergency Brigades. We utilize routine health and safety audits to ensure that our teams are appropriately managing risks and working to continuously improve our health and safety performance. See the summary below of health and safety incidents during 2019.

Health and Safety: 2019 Injury and Incident Snapshot

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TOTAL</th>
<th>NORTH AMERICA</th>
<th>EUROPE</th>
<th>ASIA</th>
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<tbody>
<tr>
<td>Recordable Injuries (Total)</td>
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<td>6</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Recordable Injuries (Men)</td>
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<td>Recordable Injuries (Women)</td>
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<td>1</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Incident Rate</td>
<td>0.15</td>
<td>0.01</td>
<td>0.34</td>
<td>0.04</td>
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<tr>
<td>Days Away from Work</td>
<td>135</td>
<td>68</td>
<td>58</td>
<td>9</td>
</tr>
<tr>
<td>Days Away from Work Rate</td>
<td>1.45</td>
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<td>2.89</td>
<td>0.33</td>
</tr>
<tr>
<td>Lost Time Case Rate</td>
<td>0.09</td>
<td>0.02</td>
<td>3.39</td>
<td>0.001</td>
</tr>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
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We are equally dedicated to the health and safety commitments of our customers, which is embedded in our responsibility for the products we produce and our official policies that meet rigorous industry and regulatory standards. Our Health and Safety policies and procedures are communicated through our Safety and Security policy, Code of Conduct, and the Occupational Health and Safety Management Manual. The manual is applicable to all our facilities and is based on the ISO 45001:2018 Standard. All of our manufacturing facilities either have certified Health and Safety Management systems such as ISO 45001 or OHSAS 18001, or are becoming certified. All sites with manufacturing operations will be certified by the end of 2021.


See the following table for relevant Quality, Environmental, Energy, and Occupational Health and Safety certificates:

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*Hungarian facilities Székesfehérvár 1 and 2 and Pécs transition to ISO45001 in 2020
**Awaiting final certificate, audit successfully completed
Employees (Continued)

Our Proof of BRILLIANCE Delivered
Quality management systems in HARMAN divisions provide a system for developing & continually improving processes through a structured approach, effective deployment and meet requirement of various certifications like IATF 16949, ISO 9001, ISO 14001, ISO 15485, ISO 27001, ISO 26262, CMMI, Automotive SPICE.

Automotive / Manufacturing
IATF 16949:2016 Standard for Automotive Quality Management System
ISO 9001:2015 - Standard for Quality Management System
ISO 14001:2015 - Standard for Environmental Management System
ANSI/ESD S20.20 -2014 - Standard requirement for Electrostatic Discharge Control system
IEC 61340-5-1:2016 - Standard for Protection of electronic devices from electrostatic phenomena (ESD)
HSOEC 17025 - Certificate A2LA for Mechanical Lab
ISO/IEC 17025 -Certificate A2LA for EMC

Connected Services
ISO 9001:2015 - Standard for Quality Management System
ISO 13485:2016 - Standard for Quality Management System applicable to medical devices and related services
CMMI DEV V1.3 ML5 - Capability Maturity Model Integration for Development V1.3 Maturity Level 5
Automotive SPICE - Organizational Process Capability Level 3 (Process Assessment Model version 3.1)

Sustainable Efforts that Benefit Employees
Our employees benefit from our sustainable efforts. Volunteerism is a priority at HARMAN, which is why it’s baked into our corporate culture. HARMAN gives all full-time employees in the U.S. eight hours per year of Paid Time Off to volunteer their time to mentor engineering students or to their own important causes. Every month, top management of certain manufacturing sites publicly recognize each employee who has contributed to the improvement of any process impacting environmental sustainability such as air emissions, energy consumption, and waste or water consumption. We also promote organic waste management through the use of an external supplier to produce compost, encourage carpooling, and provide personnel with shuttle transport at some facilities. Individual facilities have unique sustainable attributes as well – at our Queretaro, Mexico facility there is an area for aromatic plants which can be used in the dining room. Throughout the world, employees are supporting each other through our Employee Value Proposition, #HARMANConnectsUs and in a myriad of other forms to celebrate HARMAN’s culture.
Environmental Performance

Monitoring and tracking our environmental performance plays a key role in our business strategies. By quantifying the impacts of our operations, we are better equipped to identify improvements. At HARMAN, we monitor our water consumption, energy usage, waste production, and greenhouse gas emissions. We also report on energy and waste-related metrics. We strive to align with our customers around sustainability goals and priorities through our participation in annual CDP reporting and supplier responses in the Drive Sustainability Initiative, a collaborative partnership that drives sustainability in the automotive industry supply chain.

In 2019, we reported:
- **Scope 1 Emissions**: 468 metric tonnes carbon dioxide equivalent (CO2e)
- **Scope 2 Emissions**: 78,402 metric tonnes CO2e
- **Scope 3 Emissions (location based)**: 38,002 metric tonnes CO2e
- **Energy Consumption**: 90,302 MWh
- **Waste Generation**: 10,657 metric tonnes

From 2018, our 2019 absolute Scope 1 and 2 GHG emissions decreased six percent and our waste generation decreased by two percent. In 2016, we met our first goal to reduce energy usage by ten percent worldwide.

Environment

We also track our performance through goal-setting and are committed to an overarching goal to decrease energy consumption at our manufacturing facilities and through our entire supply chain. For example, our facilities in Karlstad, Garthuf, and Straubing, Germany have a certified Energy Management System under ISO 50001 and our Hungarian facilities undergo energy audits.

As our sustainability initiatives evolve and improve, so does the way we track our performance. In 2021, we are implementing a specialized platform to track our energy and environmental metrics in a centralized, global program. We are also working to further integrate our metrics into our business strategies.

Energy Efficiency and Site Optimization

We have prioritized energy efficiency and site optimization as we have developed the focus of our sustainability strategy. Our approach to energy management aligns with elements of ISO 50001. In addition to working to develop a new company-wide energy goal, as part of our management program, global teams set targets and report on key performance indicators (KPIs). We have undertaken numerous energy reduction projects at our facilities. In 2019, we eliminated or avoided 2,161 metric tonnes of CO2e through our initiatives and are investigating additional projects that would lead to the reduction of 3,122 metric tonnes CO2e. This is equivalent to 533.58 flights around the globe in a commercial airplane.

Some global site examples of equipment supporting energy usage reductions include:
- Independent air conditioning units installed at our Dandong, China facility. The units increase our control of energy usage as they work only in necessary areas, when required.
- Lighting circuits were separated and sensors were installed at the Tijuana, Mexico location so that lighting is only in use when operational areas are occupied-use.
- Electric forklifts and automated equipment are used at the Dandong, China facility to reduce labor and industrial waste.
- Manufacturing equipment at the Nova Santa Rita, Brazil facility utilize LED screens to reduce energy consumption.

Water and Non-hazardous Waste Management

We recognize the need for responsible water and waste management. We utilize a traditional Plan-Do-Check-Act approach and are continuously evaluating our processes. We are committed to reducing our waste and water impacts and implementing new streamlined solutions.

Waste is effectively managed at all of our facilities. Our waste management program aims to recycle 79 percent of our produced waste, send 20 percent to final disposal, and use 1 percent as alternative fuel for electricity generation. Waste data is collected from our manufacturing research & development, and non-manufacturing facilities, and the data is analyzed monthly, by management staff. If a parameter exceeds expectations, the cause of the deviation is analyzed, and containment actions are established. Recycling is a vital part of our waste management program. For instance, our team in India exemplifies this commitment through an established commitment to e-waste and battery recycling, as well as the avoidance of single-use plastics in the cafeteria and team meeting rooms.

HARMAN is also committed to upcycling to reduce the amount of waste that ends up in landfills. HARMAN has been including upcycling campaigns connected to philanthropic events by collecting outdated audio technology for purposeful recycling or reuse. And although the majority of HARMAN’s audio business is B2B, we are currently establishing an upcycling program as part of our regular business operations at HARMAN’s three retail locations.

Our production processes are designed to avoid unnecessary water consumption. The only water used during production at our facilities is for cooling and maintaining water levels as it evaporates. While our processes are not water intensive, we are committed to good water stewardship. In addition to monitoring our water usage, we endeavor to continually improve our processes and look for ways to reduce overall consumption. Our team in India has strived to reduce water consumption through the implementation of water recycling programs that reuse recycled water, including collected rainwater. HVAC cooling towers, gardening, and flushing. Water-saving equipment is also prioritized where suitable and appropriate to reduce water consumption.

Effectively Managing Hazardous Waste and Chemicals

Management of hazardous materials is essential to safe operation. Several of our facilities use restricted substances or chemicals for production, and only 8 percent of our waste is considered hazardous. We ensure appropriate compliance with all international, federal, state, and local laws and regulations regarding the discharge and disposal of hazardous materials, and we manage restricted substances through our Material Compliance Management procedure, uploading all material data to the International Material Data System. Our established Chemical Administration program prioritizes the elimination of substances listed in the Restricted Hazardous Substances (RoHS) directive. We currently use no substances considered High Risk to the environment or the health of our employees.

Quality Management System

HARMAN’s organic growth is supplemented by our acquisition of other brands. When acquiring new businesses, the existing practices and processes are also inherited. We have worked to streamline our business processes and transform our Quality Management System. Our revamped Quality Management System helps facilitate transparency across HARMAN by communicating clear expectations to all teams. We have simplified our processes, created team selection criteria to produce cross-functional and successful management, predicted and resolved challenges, and implemented Quality Coaches. This year, we highlighted our quality journey and motivated employees to take part in our success and continue to examine how our work impacts quality every day. The simplified system has contributed to the reduction of our overall environmental impact because less steps and better productivity equates to fewer errors and replacement parts. Among our environmental wins from the simplified system has been a reduction in the use of premium freight, which has brought about cost savings, and environmental benefits. By shifting to a greater reliance on sea freight, HARMAN was able to reduce our overall Scope 2 Emissions.
PERFORMANCE

Products & Innovation

At HARMAN, we provide cutting-edge automotive and consumer listening experiences that transform the way our customers experience the world. Innovating and driving new solutions is one of the six key pillars that drive our mission, vision and values as an organization.

As our markets grow and change, we are exploring exciting solutions that meet emerging needs. The automotive industry, in particular, is entering its greatest period of change in decades. The prioritization of sustainability and global climate change concerns have inspired widespread innovation and encouraged the development and sales of electric vehicles. In fact, according to research from the Experiences Per Mile Advisory Council – a coalition of mobility leaders that HARMAN and SBD Automotive formed in 2019, 24% of new cars sold in 2030 will be electric, up from just 3% in 2020.

HARMAN is committed to meeting the diverse and evolving needs of our customers and being part of a sustainable future. Through our learning mindset, which yields continuous improvement, we are developing award-winning products that utilize energy efficient technology reduce carbon emissions and incorporate sustainable materials.

Our innovation and design teams evaluate emerging market trends and are inspired by the future needs of our customers. We harness what we have learned through each phase of the design process. We begin with the development of a compelling idea and determine whether it is achievable and attainable. We then refine and reiterate what we have learned to ensure our focus delivers on our goals for final use and performance. By communicating our learnings with relevant business units, we leverage the momentum from one design idea to inspire and generate new questions and concepts. A sampling of eco-friendly products and solutions that HARMAN unveiled or enhanced in 2019 and 2020 follows.

JBL Flip 5 Eco Edition
HARMAN’s commitment to sustainability and increasing consumer demand for green products inspired the JBL Flip 5 Eco edition. HARMAN’s first portable Bluetooth speaker made out of 90% recycled plastic. The speaker, packaging, its eco-friendly, including a protective case made of biodegradable materials. As the number one selling portable speaker in the world, the JBL Flip 5 Eco edition is a pioneer in its category. The eco-friendly product and case also conform to the global 3R1D (recycle, re-use, reduce, and degradable) sustainability standard. HARMAN is excited to further evaluate and incorporate the use of recyclable plastics and biodegradable materials in more consumer electronic products.

HALOsonic Technology
HALOsonic is a suite of sound management technologies that makes electric and hybrid vehicles safer, potentially increasing the adoption of these low emissions vehicles. It can add and remove sound without adding weight to the vehicle which would in turn increase carbon dioxide (CO2) emissions. HALOsonic solutions include Electronic Sound Synthesis (ESS) and Engine Order Cancelation (EOC). EOC is a radical new way to reduce engine noises that bypasses the traditional heavy noise-dampening insulation. EOC technology sends a noise-canceling audio signal through the vehicle’s stereo tuned to engine speed. ESS technology equips electric and hybrid vehicles with audible feedback both inside and outside the car.

EV Plus + Solutions
As growth in the electric vehicle (EV) market continues to accelerate, so does consumer demand for premium, personalized in-cabin experiences. With a focus on efficiency, HARMAN’s EV Plus + Solutions provide a scalable, lightweight, and reduced complexity system architecture that provides the double the acoustic power and performance when compared to a traditional audio system. Through EV Plus + Solutions, HARMAN has developed audio systems with improved energy efficiency that require fewer parts than traditional systems. Among the EV Plus + Solutions, HARMAN’s Ecotect technology is more lightweight and consumes less power than traditional systems while delivering premium audio quality. To further support the EV marketplace and HARMAN’s eco-conscious consumer base, HARMAN has also developed the Audio Marketplace and the eESS Safe and Sound system. Both elevate the EV experience through the enhancement of audio and communications devices as well as aiming to improve pedestrian safety outside of the vehicle through external speakers which inform pedestrians of an EV’s speed and location.

Energy Efficient Amplifiers
Some of our luxury products – like Mark Levinson amplifiers, the Lexicon DD-8 multi-room amplifier and the JBL Synthesis SDA series multichannel amplifiers – all meet or exceed worldwide regulations that push for energy efficiency, including the EuP Directive 2005/32/EC, which calls for products to have 0.5W or less of power consumption in standby. The new generation of Mark Levinson amplifiers offers three standby modes, so owners can tailor the power consumption-versus-startup-time trade-off optimally for their needs. New Mark Levinson products, including the No 519 streaming audio player consume less than 0.5W of power in “Green Standby” mode – a setting that is available on all recent product lines.

Sustainable Packaging
Our customers are increasingly seeking packaging that is recyclable and sustainably sourced and produced. This is an opportunity we are excited to continue to explore. We are evaluating the incorporation of recycled and sustainably sourced materials in our packaging. In addition, we are investigating ways to reduce packaging waste through minimization of packaging materials and the removal of individual component plastic wrapping or bags.

The materials used to build our durable cases are also an important consideration. For example, we have carried out Lifecycle Assessments (LCA) for a subwoofer and an amplifier to understand the environmental impacts these products have and identify opportunities to further integrate sustainability into their product design.
PERFORMANCE

Governance and Leadership

As a subsidiary of Samsung, HARMAN operates under a board of directors. All of our directors are associated with HARMAN or Samsung. For more information on the board of directors and HARMAN leadership, please visit harman.com.

Our governance strategy reflects our values and protects our social and environmental responsibilities through goal, procedure, and policy development, continual assessment, and training. We are dedicated to ensuring the requirements of our company, stakeholders, and customers.

Environmental Governance

Under the direction of HARMAN’s CEO, Michael Mauser, the company established a new Corporate Citizenship ESG Committee to uphold our global purpose and sustainability initiatives and achieving related goals. The ESG Committee consists of senior leaders from across the company whose business operations and responsibilities impact climate and the environment, including supply chain, procurement, operations, manufacturing health, and safety, employee wellness, legal communications, and government affairs. Committee Members convene regularly each year to monitor climate-related issues and trends, analyze key market and internal drivers, and ensure corporate ESG goals are transparent and execution is seamless across relevant functions and divisions.

In addition to oversight of the newly formed ESG Committee, the Senior Leadership Committee (SLC) meets monthly to discuss strategic business objectives, including environmental concerns. Governance mechanisms and business priorities are also reviewed during the annual Strategic Management Meeting, attended by broader HARMAN management. In 2019, two subcommittees were developed focusing on energy and greenhouse gas emissions and the improvement of supply chain operations.

Environmental and Social Governance Policies

Our policies cover business ethics, working conditions and human rights, and the environment. We educate our employees on our required policies and procedures through online and in-person training, and specific documentation such as the Code of Conduct and Environmental Management Manual. Our policies and procedures include the following topics:

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<tr>
<th>ENVIRONMENT</th>
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<th>BUSINESS ETHICS</th>
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<tr>
<td>Energy consumption and greenhouse gases</td>
<td>Child labor and Young Workers</td>
<td>Corruption, extortion and bribery</td>
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<tr>
<td>Water quality and consumption</td>
<td>Wages and Benefits</td>
<td>Privacy</td>
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<tr>
<td>Air quality</td>
<td>Working hours</td>
<td>Financial responsibility (Accurate Records)</td>
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<td>Natural Resources Management and Waste Reduction</td>
<td>Forced or compulsory labor and human trafficking</td>
<td>Disclosure of Information</td>
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<td>Responsible Chemical Management</td>
<td>Freedom of association and collective bargaining</td>
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<td>Anti-Harassment</td>
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<td>Intellectual property</td>
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<td>Export controls and economic sanctions</td>
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<td>Protection of identity and Non-Retaliation</td>
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We are proud to uphold our ethical and social commitments. During the reporting period, we have not been identified in any legal actions regarding anti-competitive behavior, violations of anti-trust, or monopoly legislation.
PERFORMANCE

Supply Chain

HARMAN is committed to providing the highest quality products and services without compromising our ethical, environmental, or social responsibilities. We partner with diverse suppliers who share our values and reflect the customers we serve across the globe. Together with our Supply Chain Risk Management and Procurement organization as well as our internal Environmental Health & Safety and Corporate Social Responsibility (CSR) teams, we operate a supply chain focused on continual improvement towards a sustainable future.

We strive to work with suppliers that are representative of diverse social groups to support the growth and success of equitable communities. As industry leaders, we also utilize supplier development programs to support our collaborative efforts to meet HARMAN’s quality standards.

Quality

Elevating customer expectations through excellent quality is a top priority at HARMAN. So much so that executing on time and quality is one of our six key strategic pillars. Our commitment to quality and continuous learning begins with our leadership — but it is enacted through the decisions of each employee. We promote a quality culture that inspires every individual to make a difference. During Quality Month, we celebrate our accomplishments and further examine the ways that we can improve our practices.

In 2020, we expanded upon the requirements of our Supply Chain Sustainability Policy, which covers the following categories:

- Child labor and young workers
- Wages and benefits
- Working hours
- Health and safety
- Harassment
- Non-discrimination
- Corruption
- Extortion and bribery
- Privacy
- Financial responsibility (accurate records)
- Freedom of association, including collective bargaining
- Forced or compulsory labor and human trafficking
- Conflicts of interest
- Counterfeit parts
- Intellectual property
- Export controls and economic sanctions
- Responsible chemical management
- Fair competition and anti-trust
- Air quality
- Water quality and consumption
- Disclosure of information
- Energy consumption and GHG CO2 emissions
- Natural resources management and waste reduction
- Protection of identity and non-retaliation

Compliance

All suppliers are provided with our Terms and Conditions and Supplier Code of Conduct, which require that suppliers support HARMAN's policies. This includes environmental initiatives to minimize environmental harm throughout the product life cycle. Our Code of Conduct applies to all suppliers and sub-suppliers of goods and services, and is considered an integral part of our business relationships. The Code of Conduct requires integrity, compliance with applicable laws, environmental health and safety standards, safe working conditions, and SA8000 standard criteria.

We are continuously working to improve our risk management and supplier selection processes. The Supply Chain Risk Management team collects, evaluates, and scores sustainability information from suppliers based on a CSR questionnaire from the automotive industry-led Drive Sustainability organization. This score is incorporated into our overall partner risk assessments, which are used in the evaluation of our own suppliers.

Product Traceability

We are committed to transparency with our customers on the sources and impacts of our product materials. Our products contain tantalum, tin, tungsten or gold, and we survey our global supply chain for conflict minerals to reasonably assure that our products are conflict-free. We do not source directly from smelters or mines. We expect and follow ethical practices and compliance all applicable laws and regulations from our suppliers. Suppliers are expected, at a minimum, to report to us annually, establish consistent policy on conflict minerals issues, and complete our conflict minerals reporting template (CMRT) survey.

CONCLUSION

HARMAN has come a long way on our journey towards Global Purpose and Sustainability. We are proud of the progress we’ve made so far, but we also acknowledge that there will always be more work to be done.

We are committed to continually challenging ourselves to push the boundaries and raise the bar higher and higher. Our accomplishments in 2019 and 2020 are something to be celebrated, but we are certain that the best is yet to come.