



# **Cardo 2021** Sustainability Review



# Contents

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## Letter from the CEO

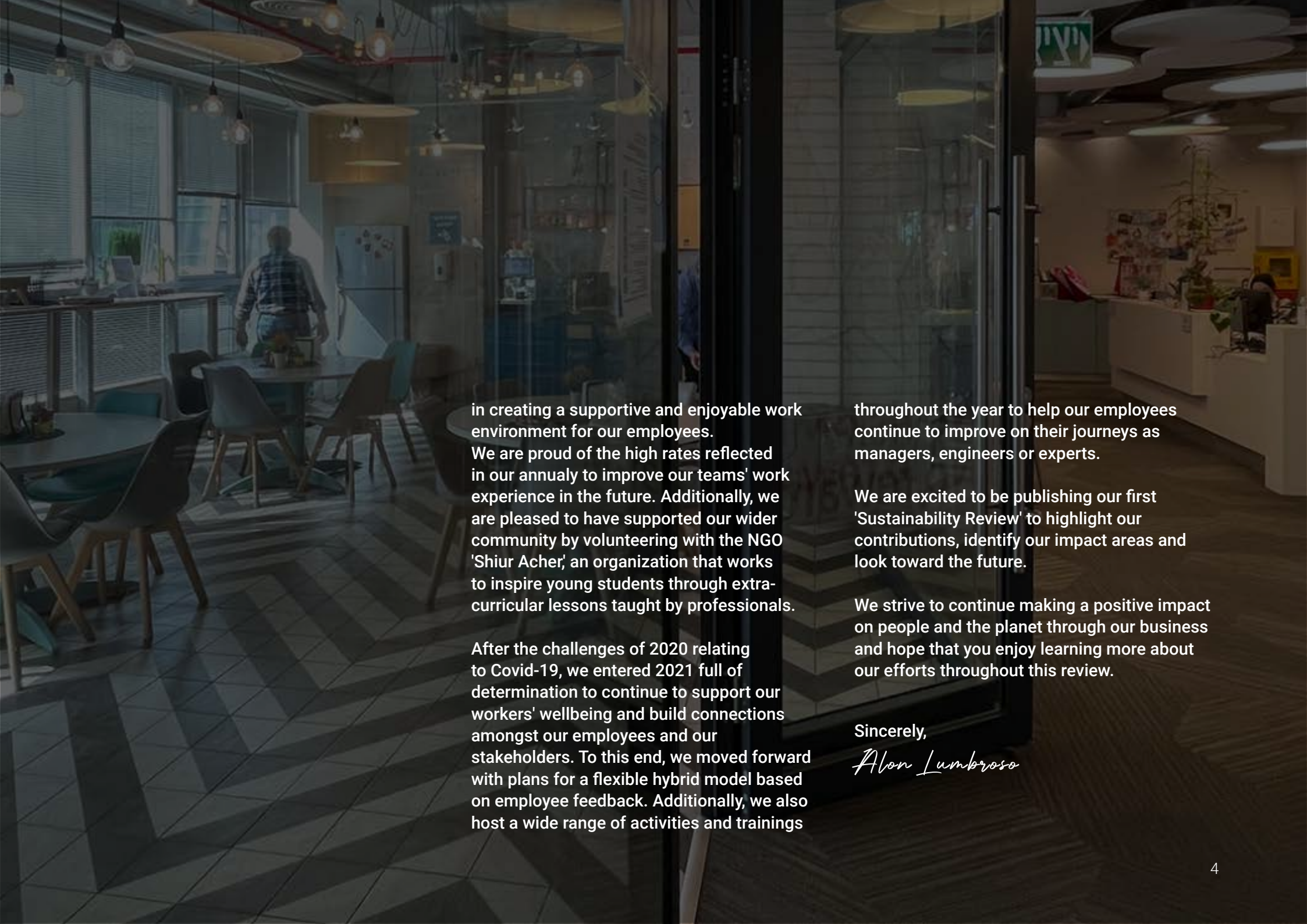
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**At Cardo Systems Ltd. (Cardo) we are all about the journey. We strive for excellence in motion. As we further our understanding of our business's environmental and social footprint, we recognize that sustainability is a journey upon which we are excited to embark together with our stakeholders, as we strive to leave a healthier planet in tandem with growing a successful business.**

Over the past couple of years, we have begun to embed the principles of ESG within our company. We formulated and implemented several policies, including a general ESG Policy, an Environmental Policy, and a Diversity and Inclusion Policy, which will serve as the managerial infrastructure guiding our ESG processes moving forward. While we have always strived to operate our business in an efficient and inclusively manner, we recognize the importance of formal policies to help enforce accountability and create a consistent vision throughout the whole team. Additionally, in 2021 we also began to officially measure and calculate our GHG footprint and plan to continue to monitor it. Measuring our GHG gives us a map of where our impact lies, helping us to target our future initiatives and also to ensure those initiatives are effective by being able to compare results throughout the years.

Our greatest asset is our employees – we have known from the beginning that placing them at the center of our sustainability strategy would be the key to our success. Throughout this period, we worked collaboratively with our employees to integrate sustainability into our work culture, with some stepping up to help raise awareness amongst the team about environmental issues inside and outside the company. We also kept our team informed and involved in our Environmental policy and strategic planning. Lastly, this year our team also worked together to switch our kitchenware from single-use to reusables, thus helping to eliminate a daily stream of waste entirely.

A successful sustainability strategy ensures that all parts of ESG are managed thoughtfully. For example, within the Social dimension, our high satisfaction rate reflects Cardo's success



in creating a supportive and enjoyable work environment for our employees. We are proud of the high rates reflected in our annually to improve our teams' work experience in the future. Additionally, we are pleased to have supported our wider community by volunteering with the NGO 'Shiur Acher,' an organization that works to inspire young students through extra-curricular lessons taught by professionals.

After the challenges of 2020 relating to Covid-19, we entered 2021 full of determination to continue to support our workers' wellbeing and build connections amongst our employees and our stakeholders. To this end, we moved forward with plans for a flexible hybrid model based on employee feedback. Additionally, we also host a wide range of activities and trainings

throughout the year to help our employees continue to improve on their journeys as managers, engineers or experts.

We are excited to be publishing our first 'Sustainability Review' to highlight our contributions, identify our impact areas and look toward the future.

We strive to continue making a positive impact on people and the planet through our business and hope that you enjoy learning more about our efforts throughout this review.

Sincerely,

*Alon Lumbroso*

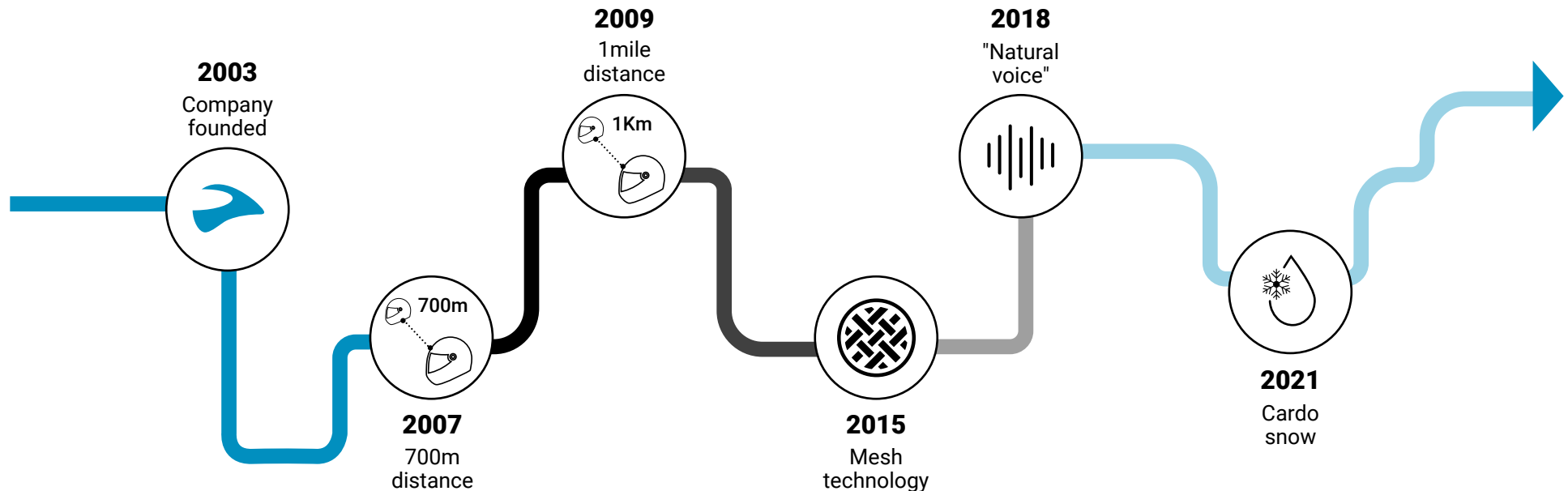
## About Cardo

In 2003 Cardo's founder, Dr. Abraham Glezerman, recognized that motorcycle riders' needs for efficient and safe communication devices were not being met on the market, sparking the idea for what would become Cardo. Though various Bluetooth communication options were beginning to emerge on the market, the needs of motorcycle riders were unique. Dr. Glezerman who had founded Scala, a Bluetooth headset company, honed in on improving the motorist experience, and Cardo was born.

Tailoring the technology to the specific requirements of riders meant fitting the device to helmets, having automatic volume control to account for the increased background noise on the road, and being

able to smoothly connect to multiple riders at once. Cardo's device met these needs and maintaining our brand's impeccable reputation means ensuring the best product quality.

Thus, quality is a primary focus for us throughout all stages of the product development process, from the design to our quality assurance and testing personnel and all stages in between.



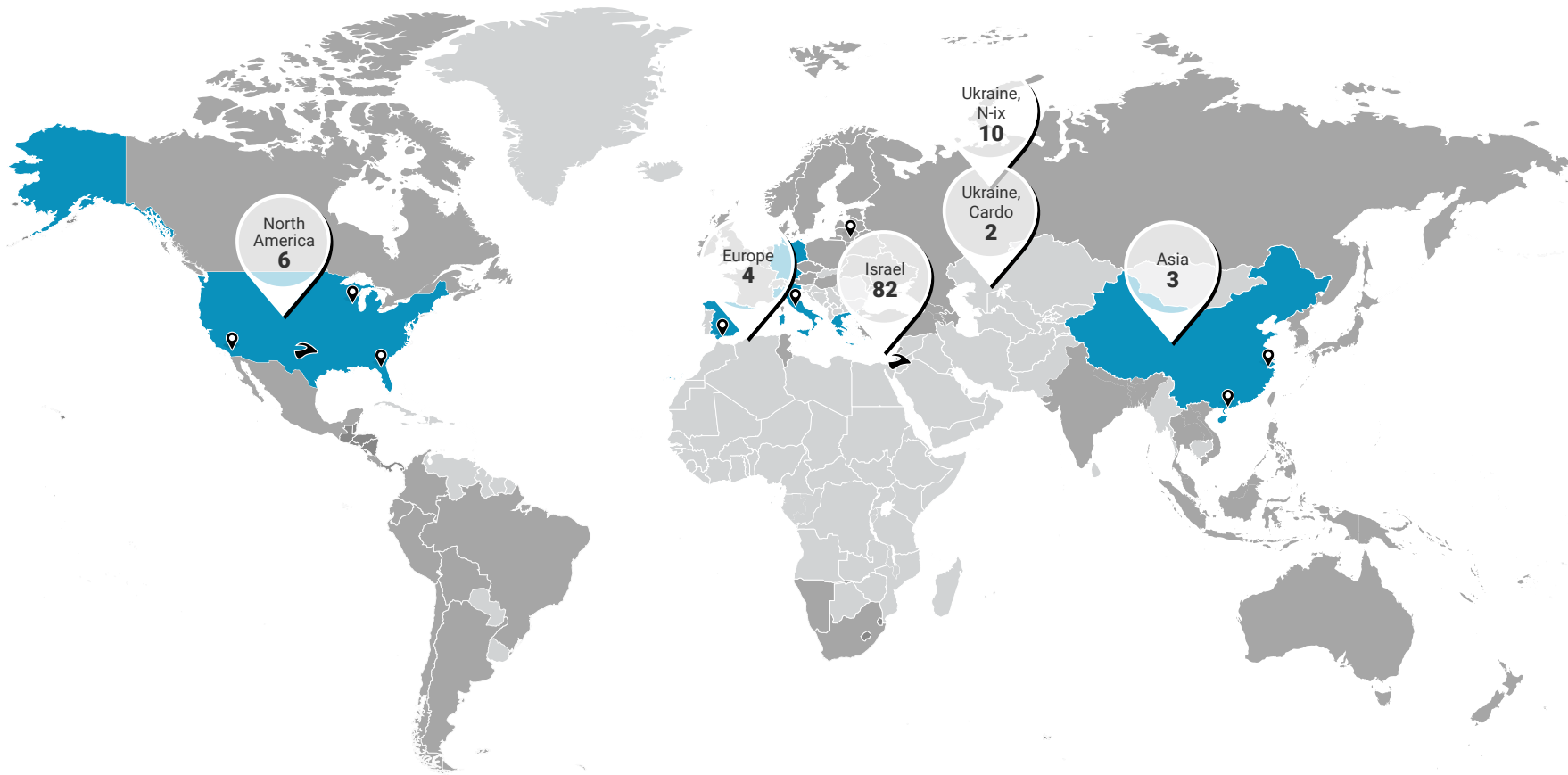
In order to establish a high level of quality and ensure the best product experience for all our customers, we have codified its importance within our 'Code of Ethics,' which all employees review annually. Our 'Quality Policy' also outlines our expectations on the matter in further detail, expanding on our determined pursuit of customer satisfaction, as well as our commitment to using state-of-the-art technologies. Our quality assurance efforts were recognized through the meaningful ISO9001 Quality Assurance certification. Throughout the years we have continuously sought to update and improve our product line, releasing new

products approximately every three years. Our innovations over the years have included increased range, voice controls, and mesh technology. In 2007 we introduced the world's 1st true rider-to-rider intercom system which allowed riders up to 700 meters to remain in communication. In 2009 the distance of our rider-to-rider technology was expanded, passing the 1-mile barrier. Our latest innovations are 'Natural Voice' and 'Mesh.' 'Natural Voice,' introduced in 2018, is a voice control operation engine that gives riders the ability to control their device through voice commands.

Riders say "hey cardo" and tell it what they want and it will do the rest – no buttons necessary. Mesh technology, which we introduced and have been improving since 2015, enriches the flexibility of group ride communication by allowing riders to change order, split up and come together without disruption.

Prior to this feature's existence, riders had to maintain a strict group order or have their communication channel disrupted. However, with Mesh technology, group rides can now experience a new level of free-flow movement within their group.










**13**  
 Operation & customer support  
 +  
**54**  
 R&D and Engineering  
 +  
**14**  
 Sales & Business Development  
 +  
**11**  
 Marketing  
 +  
**15**  
 General & Administrative




**107**  
total FTEs






➔ Main Offices

📍 Additional Offices

-  Tel Aviv, Israel
-  Dallas, TX

-  Hong Kong
-  Shanghai, PRC
-  Utrecht, Holland

-  Madrid, Spain
-  Milan, Italy
-  Kyiv, Ukraine

-  Frankfurt, Germany
-  Long Beach, CA
-  Tallhassee, FL
-  Milwaukee, Wi
-  Austin, TX

In addition to our in-house innovations, we also partner with other brands to create the best products for our customers. Our collaborations have included adding JBL Sound technology to our premium product options, partnering with Hertz ride and creative branding collaborations with iconic motorcycle and equipment brands, such as Ducati and AGV. Our constant innovation combined with our premium product quality continues to make us market leaders within the industry. We are proud that motorcyclists around the world are eager to invest in our technology and love the continuous evolution of our product line for our customers.

Looking toward the future we are excited to bring our high quality and innovative communication technology to new fields of groups in motion. We released our first line of Cardo Snow products in 2021 which utilizes the same technology that made Cardo motorcycle products a success while adapting it to the unique needs of ski and snowboarders. The same year we also opened Cardo Crew, a business division focused entirely on producing communication solutions for professional crews on the go. This division is focused on the sector needs of construction, forestry, industrial and utility professionals. We look forward to bringing our renowned Bluetooth and Mesh communication capabilities to new fields in tandem with our continued loyalty to motorists worldwide.





## Cardo 2021 at a Glance

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The world's leader motorcycle  
Bluetooth headset



**9** products types across  
and numerous accessories

**5M +**

product sold since 2004



in more than  
**80**  
countries



Sales of about  
**\$100M**



**107**  
Employees worldwide

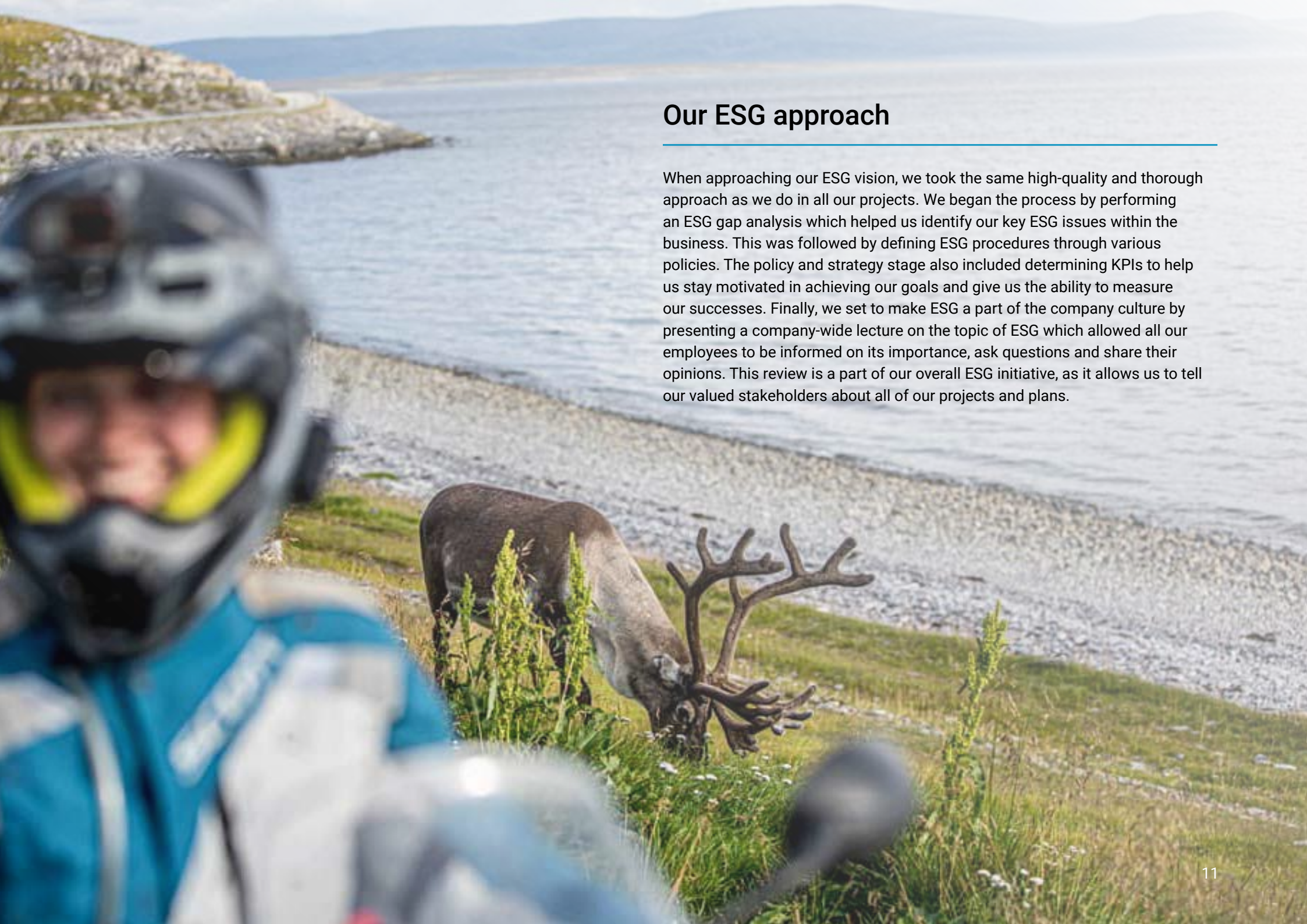
## Engaging our Stakeholders

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Stakeholder engagement has been a key component of what drives our success at Cardo. We don't just design products for the general public—we design products for our customers based on continuous dialogue and years of understanding our customers' needs and wants. Though our business functions B2B, we survey thousands of our direct customers annually to get their feedback on our products. Consumers can connect their products to our online application which also allows for a convenient communication channel. Currently, we have 2 million active users who choose to utilize our platforms. In addition to surveying our customers, our employees across all departments, many of whom are avid riders, help to give additional perspective and experience to shape our product and brand.



  
**2M+**  
active users



## Our ESG approach

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When approaching our ESG vision, we took the same high-quality and thorough approach as we do in all our projects. We began the process by performing an ESG gap analysis which helped us identify our key ESG issues within the business. This was followed by defining ESG procedures through various policies. The policy and strategy stage also included determining KPIs to help us stay motivated in achieving our goals and give us the ability to measure our successes. Finally, we set to make ESG a part of the company culture by presenting a company-wide lecture on the topic of ESG which allowed all our employees to be informed on its importance, ask questions and share their opinions. This review is a part of our overall ESG initiative, as it allows us to tell our valued stakeholders about all of our projects and plans.



## Environmental Initiatives

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### Creating an Environmentally Conscious Company Culture

At Cardo, we recognize that we must prioritize sustainability at the core of our business in order to minimize our environmental impacts. Our focus on innovation manifests not only in our communication technology for riders but also in our strategy for reaching environmental and social objectives that align with the United Nations Sustainable Development Goals (SDGs).

Our vision for managing our sustainability practices was developed into our 'ESG Policy,' which establishes our objectives for each area including 'Environmental Impact'. As we continue to learn, we intend to update and develop our overarching management

At Cardo, we are building sustainability not just from the top-down, but also from within all levels of our business. Throughout 2021, lectures were organized to increase employee awareness of various environmental challenges and initiate a sustainable mindset within the company culture. The lectures, which were led by employees who are passionate about sustainability topics and attended by everyone at the company, helped build comradery around the topic and started meaningful engagement of employees to implement sustainable behaviors both at work and at home. Kerry, a lead production artist, noted that after the lectures "all the workers are much more aware [of sustainability issues] ... and a lot of people started talking, not only in the meetings but afterward as well."

Indeed, it was these lectures that inspired members throughout the team to examine how to reduce the environmental footprint of our packaging design.

Currently, we are in the exploration phase of redesigning our packaging. Areas of the package being examined include structure/foldability, size, materials, sourcing location and recycling instruction labeling. In addition to packaging we are also examining the possibility of minimizing paper usage in our manuals as legal requirements and our customers' needs allow. The most significant part of our GHG footprint is the emissions from our purchased goods and services followed by the impact of our upstream transportation. As shipping is a substantial part of our carbon footprint we are excited about the possibility to reduce our impact through the reimagined packaging. We hope to finish the research phase and roll out our new packaging by 2023.

Another initiative we undertook in 2021 was to transition our office kitchen to reusable kitchenware and silverware to reduce the amount of waste our office produces. Disposable plates, cups and silverware, which are only used once and then tossed out, add up quickly. Plastic waste contaminated with food or mixed material is hard, if not impossible, to recycle, takes hundreds of years to break down and is a common form of litter. We invested in reusables for all our office staff, and the team has worked together to successfully transition to the new containers. Once the conversation about waste reduction was brought up our employees were eager to participate. In addition to reducing our waste by switching to reusables, we also work to reduce the amount of waste we send to landfills by having separate recycling bins and sorting our waste.

Cardo has taken a broader look at defining, understanding and organizing what sustainability means for the organization as a whole. Measuring our GHG footprint, creating an environmental policy and getting our ISO14001 certification were all part of this organizational process.



**2023**  
use recycled  
material for packing



reduce the amount  
of waste that our  
office produces



Reducing the  
amount of  
waste

## Measuring Environmental Impact & GHG Reduction

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Combating climate change is crucial to continue to sustain our society's health and wellbeing. In order to gain a better understanding of our environmental impact, we commissioned a full survey and analysis of our carbon footprint by the GHG-specialist company, Normative. They performed a comprehensive analysis of our Scope 1, 2 and 3 emissions in line with the internationally-accepted Greenhouse Gas Protocol standards to help us gain a better in-depth understanding of how to cut our future emissions. Based on this analysis we also recognized that our Scope 3 emissions are the significant bulk of our GHG impact. This is due to the fact that all our material sourcing and manufacturing are done through external vendors. We plan to continue to conduct the GHG calculation on annual basis to follow and report our emission trends and achieve our KPIs. We will continue to evaluate how we can lower our impact within Cardo-owned facilities and work with our business partners, where possible, to reduce our Scope 3 impact.

Another important part of our environmental impact management in 2021 was the release of our 'Environmental Policy' which we communicated to our primary stakeholders

including, our employees, suppliers, vendors and distributors. Additionally, we evaluated our products' sustainability potential, researched sustainability options and outlined options as part of our "Green Product stewardship and environmental management" research and planning effort.

### In 2021 our Scope emissions were

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#### Scope 1 emissions

**40.4**  
tonnes CO<sub>2</sub>e

#### Scope 2 emissions

**67.7**  
tonnes CO<sub>2</sub>e

#### Scope 3 emissions

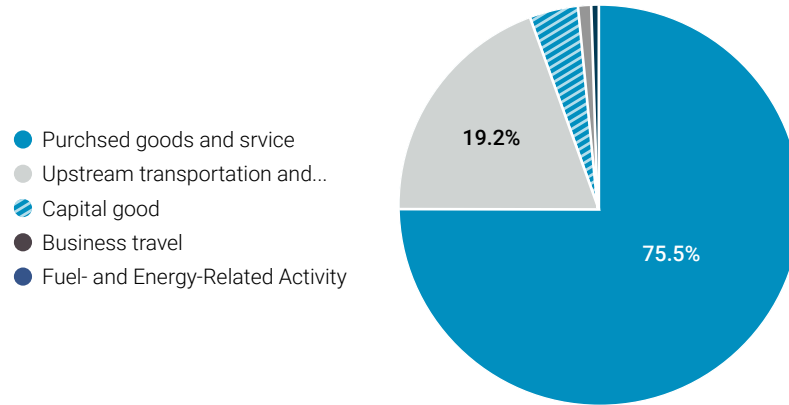
**5,575**  
tonnes CO<sub>2</sub>e





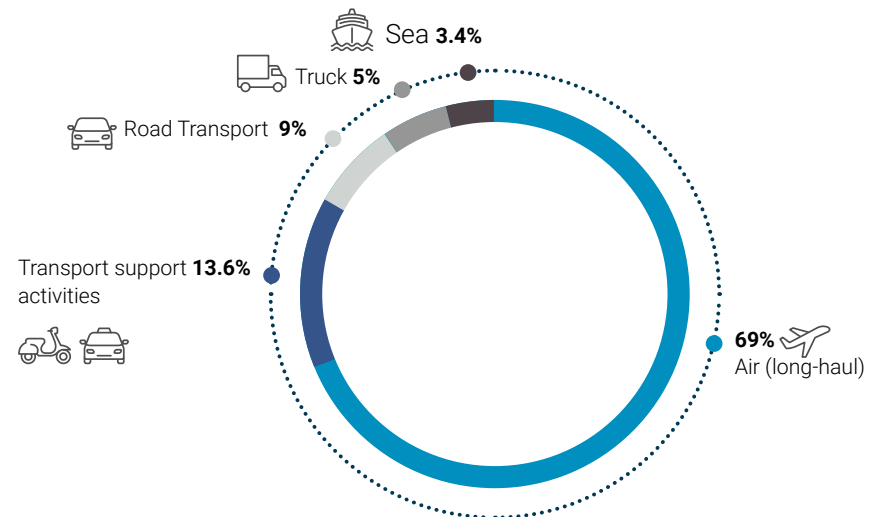
## Scope 3 Total GHG emission breakdown

Emissions per scope 3 category (kg CO2-eq)



## Scope 3 Transportation GHG emission breakdown

Greenhouse gas emissions per mode (kg CO2-eq)



## Environmental KPI

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Reduce our GHG emission by 18% from 2021 to 2030



Host an annual event or activity focused on promoting our teams' environmental awareness



Continue to improve our packaging design and continue to reduce waste throughout production and distribution.



Climate data and forecasts into our business model manage risks and take advantage of opportunities





# Social

## Our Company Culture & Social Responsibility

At Cardo, people are what drive us, whether they be our employees, our customers or general citizens. Our goal is to create great experiences in our workplace, on the road and in our community. Our Diversity & Inclusion Policy and our Community Engagement & Volunteering Policy outline our objectives within each of their respective social areas. It is our utmost priority to protect the safety of our employees, suppliers and business partners by creating a healthy, financially stable and supportive working environment for all regardless of background, ethnicity or creed. Furthermore, we understand that the more diverse perspectives we empower within our company, the richer our capabilities will be in matching the diverse needs of our market, which spans over 80 countries and endlessly unique individuals. Additionally, through continuous internal dialogue over the past two years, we have directed our community engagement initiatives to center around the values of equality, education and innovation.

Our social investment policy is aligned with our commitment to the UN's Sustainable Development Goals with a special focus on goals; 4: Quality education, 5: Gender equality, and 10: Reduced inequalities.



As we further develop our community engagement projects in the future we plan to conduct ongoing stakeholder dialogue to engage with the needs of our partners and utilize their feedback to continuously improve our involvement.

Cardo is an employee-centric company with a wide range of initiatives that keep employees' satisfaction rates high from year to year. The Cardo work model is based on flexibility, and even prior to Covid-19, we decided to transition to a hybrid office & home

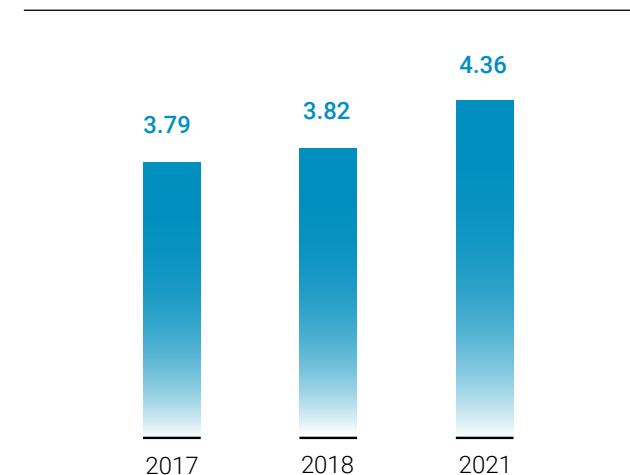
work method based on internal dialogue among management and employees. The schedule is set so that three days are at the office and two days are at home, to allow both office comradery to flourish while also giving employees the ease of working from home. Working from home helps promote employee work-life balance by allowing employees various benefits such as the ability for parents of young children to stay home with their kids, reduction in time spent commuting, or a quiet uninterrupted space to focus. When employees first transitioned to

working from home during the Covid-19 pandemic, all employees were supplied with the basic provisions to set up an at-home workspace and also given a discretionary budget to ensure they had everything they needed for a quality work environment.

Small and mighty, the Cardo team is a tight-knit community where "HR" does not imply formalities, but rather takes an open-door approach and offers a space to talk through work challenges and accommodate our employees' needs.



Employee Engagement Index - Overtime trends (hours)



## Training & Employee Success

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At Cardo we want our employees to continuously grow, learn and improve. We offer our employees a wide range of learning opportunities including both personal and group-learning options. On a personal level, employees are welcome to work with their managers to find trainings for a specific skill-set they need or want to improve for their role. On a company level, we host an annual company retreat which includes various workshops and learning opportunities. Additionally, we also host 'Cardo Academy' on a quarterly basis, an enriching lecture series on a wide range of topics. Lastly, we have quarterly leadership workshops, management workshops and companywide safety training. All together these events help keep our employees actively engaged, improve their skillsets and build team comradery.

Employee feedback is important to us in evaluating training needs. For example, feedback from our 2020 annual employee survey indicated that employees were interested in increased cross-departmental engagement to improve overall company focus and cohesion. HR utilized this feedback to organize a two-day outdoor leadership retreat for team leaders to encourage inter-team communication and collaboration.

In addition to trainings for our current employees, we also work to facilitate a smooth transition for all new company employees. In order to ensure this, all new employees participate in a three-month onboarding plan when they are first hired and have check-ins with supervisors to evaluate their progress and help them achieve their set goals. New hires also take part in a specialized end-of-the-year review process to make sure they are succeeding thus far and feeling fulfilled. Additionally, we host an orientation week for new hires to help support them in becoming a part of the Cardo team.



# Engaging in the Community/Volunteering

At Cardo, we value our local community and hope to have a positive impact beyond our business's economic value and job creation. To that end, we have developed our 'Community Engagement and Volunteering Policy,' encouraged employees to participate in volunteering activities and established a donation committee.

In 2021 we partnered with the non-profit "Shiur Acher" for our volunteering efforts. "Shiur Acher" is on a mission to encourage and support kids in peripheral communities through lessons taught by industry professionals, in order to share knowledge and offer inspiration and encouragement to students. In 2021

we had 20 employees host a lesson through the program via zoom for a school located in the city of Be'er Sheva.

In 2021 we also supported the 'Ride for Kids,' a well-established and highly successful charity that puts on motorcycle ride fundraising events to raise money for the 'Pediatric Brain Tumor Foundation.' In 2021 they operated 24 events across the US despite the challenges of Covid-19 and raised a total of \$1.1 million dollars for the foundation. We are proud to be a gold-level sponsor of the organization and help support their important efforts to fund research for childhood brain tumors.

To organize our donations for 2022 and beyond, we put together a 'Donation Committee' which looked through numerous organizations in our priority areas and in line with our UN SDG goals, as outlined in our Community Engagement and Volunteering Policy. The committee narrowed it down to five non-profits to which we plan to donate a total of \$15,000 throughout the year.

The committee picked non-profits focused on people with special needs, youth empowerment and education, and supporting women and children who have experienced domestic violence and children suffering from disease.



## Governance

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At Cardo, we recognize the importance of effective governance to a company's health and longevity. In 2021 we developed a 'Code of Conduct' to better establish formal expectations of employee and company behavior. Employees received training and signed the 'Code of Conduct' to ensure they understand their understanding. Additionally, in 2021, 100% of our employees participated in anti-corruption training conducted by our legal department. We intend to continue to hold trainings on best governance practices to keep all company employees continuously up-to-date.

Throughout 2020 a range of policies were created to help solidify our values as a company. These policies were developed and approved through a participatory process that involved managers from different departments in dialogue with company leadership. The policies we developed were the company's Code of Ethics, our Supplier Code of Conduct, Anti-corruption Policy, Whistle Blower Policy, Information Security Policy, Anti-harassment Policy, Diversity and Inclusion Policy, Environmental Policy and our Community Engagement & Volunteering Policy.





## Cyber Security & Privacy

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As part of our business, we collect and process personal data only when our customers choose to sign up to receive newsletters and information. Additionally, we have a free application that customers can choose to download to unlock their devices' full potential with additional control methods. Information is collected online and through the application only with the consent of our customers and in line with our Customer Privacy Policy which we released in 2018. The Customer Privacy Policy is currently under review, to be updated during 2022.

We continuously work to ensure the maximum cyber security for the privacy and safety of our customers and employees through risk analysis, a multi-year work plan, preparation and employee training. Our IT team also takes part in the design review process for our products to ensure their security. We are proud to say that in the years 2020 & 2021, there have been zero leaks of personal data, and we are committed to ensuring this in the coming years.

In 2022, we invested in a new cyber security training program to educate our employees in a more engaging manner, from the onboarding process and beyond.

## About this sustainability review

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This is Cardo's first sustainability review and contains an overview of our ESG projects and initiatives during 2020-2021.

In this review, we cover the activities we initiated and the planning systems we have developed over the past few years in our company's sustainability journey.

In the scope of this review, we have included efforts taking place in our HQ in Israel as well as our employees in the US. For our GHG calculation, we include our office in Israel and our suppliers in Ukraine and China.

This report is inspired by the Global Reporting Initiative (GRI) SRS Guidelines.

Looking ahead, we plan to report on our ESG performance annually, providing clear and concise data on our performance, and actively encouraging discussion about how we can improve over time.

### Statement from Good Vision

Good Vision – CSR Consulting Firm, of the Fahn Kanne & Co. Grant Thornton Group, supported Cardo with this review. We are a member of the GRI Community and support their mission to empower decision-makers everywhere to take action towards a more sustainable economy and world.



### Contact Us

If you have any questions or comments about this report, please contact:

#### Shlomo Ehrlich

*Operation VP at Cardo*

[shlomoe@cardosystems.com](mailto:shlomoe@cardosystems.com)

#### Anat Gafni

*VP HR at Cardo*

[anatg@cardoystems.com](mailto:anatg@cardoystems.com)

#### Ivri Verbin

*CEO of Good Vision – CSR consulting firm*

[Ivri.Verbin@goodvision.co.il](mailto:Ivri.Verbin@goodvision.co.il)

#### Ronel Sade

*Sustainability Services Advisor at Good*

*Vision – CSR consulting firm*

[Ronel.Sade@goodvision.co.il](mailto:Ronel.Sade@goodvision.co.il)





[www.cardosystems.com](http://www.cardosystems.com)