

Herrmans Bike Components

Sustainability Report 1/2021

Making Cycling Even More Sustainable, Part by Part

Bicycling offers various benefits for both individuals and the community, health, and the environment. But just being a part of the bicycle industry is not enough for Herrmans. We are committed to reducing our emissions in all our operations and become carbon neutral in 2035.

This report documents our journey towards a carbon neutral Herrmans: where we are now, where we want to be, what we have achieved and what's still in the works. We look forward to an exciting journey!



"Sustainability is an integral part of our vision and increasingly present in everything we do, from strategy to every staff member's daily work."

Dan Liljeqvist, CEO
Herrmans Bike Components



01 Reducing our carbon footprint

SUSTAINABILITY - BUILT INTO OUR MISSION

Herrmans' mission is to develop innovative and sustainable bike components, by both building a solid in-house R&D department and collaborating with the brightest minds on the industry.



WHAT DOES OUR CARBON FOOTPRINT CONSIST OF?

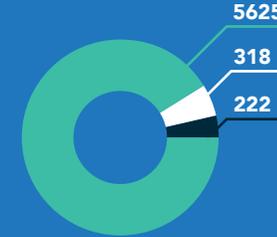
The strategic starting point to our Sustainability Strategy is to prevent unnecessary carbon emissions from sourcing, product manufacture, distribution, and company operations.

Our biggest action towards decarbonization to date is switching to zero-emissions electricity in 2017. This saves around 820 tons of CO₂ emissions every year.

Currently, the largest source of emission in Herrmans' carbon footprint are the materials that we use in our product.

While this is typical for a manufacturing or assembling company, we recognize this as the biggest challenge to tackle.

TOTAL CARBON FOOTPRINT (t CO₂e)



- Material Purchases
- Partner Logistics
- Other

EMISSIONS BY CATEGORY



SCOPE 1 – Direct emissions from own activities
» 4t CO₂



SCOPE 2 – Indirect emissions from own activities
» ZERO CO₂



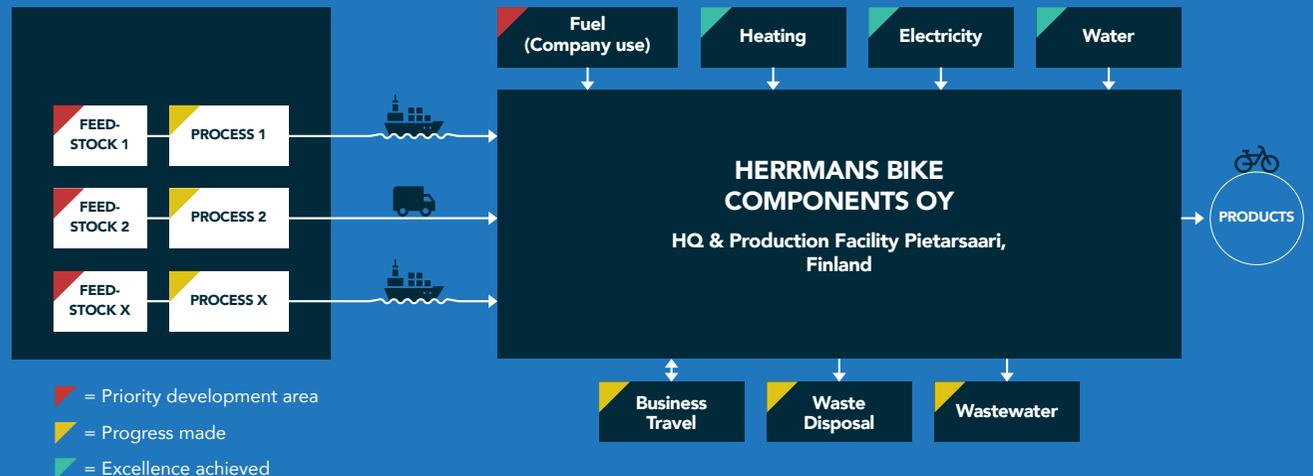
SCOPE 3 – Other indirect emissions
» 6161t CO₂

EMISSIONS FROM HERRMANS VALUE CHAIN

1 Material Sourcing & Manufacturing

2 Logistics

3 Manufacturing & Assembly



02

Taking the lead of Carbon Neutral Business

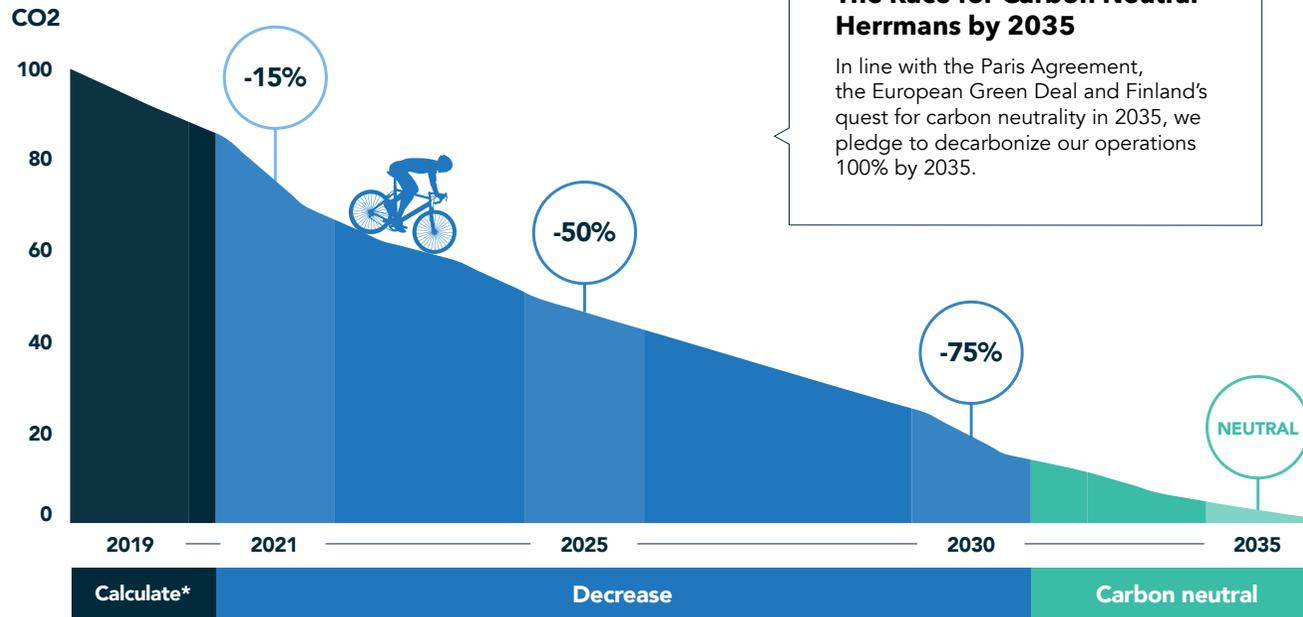
At Herrmans, achieving environmental wins and creating more sustainable innovations and products is everyone's job. We fight the good fight on all levels, from factory floors to the corner office.

In 2020, we appointed a Sustainability Manager, who drives forward best practices related to decarbonization and materials management.

In 2021, we embarked on a research journey to discover more sustainable material

alternatives and pledged to report on the advancements of our decarbonization quest regularly.

It also makes a difference who we do business with. In the future, we actively work with our suppliers to reduce the emissions from logistics and transport.



The Race for Carbon Neutral Herrmans by 2035

In line with the Paris Agreement, the European Green Deal and Finland's quest for carbon neutrality in 2035, we pledge to decarbonize our operations 100% by 2035.

FUTURE

2021

2020
2019

2017

2018

2008

- » Supplier sourcing from closer geographical locations
- » Sustainable material research project
- » Sustainability reporting annually / biannually

- » Calculating the carbon footprint
- » Greenhouse Gas Protocol as standard
- » Development of Emissions Calculation tool

- » Renewable & FCS certified packaging
- » One new energy efficient production system

- » Sustainability at management level

- » Two new energy-efficient Injection Molding Machines
- » Code of Conduct introduced for subcontractors

- » Installation of Retermia Waste Heat Recovery technology
- » Investment into Free Cooling System
- » Transfer from hydropower to 100% renewable energy

- » Environmental Management System ISO 14001 certification achieved
- » The use of regranulated raw materials commences

* 2019 as baseline for calculations. Measured on Q1 2021.

03 Our focal points for sustainability action

Sustainability Action Focus 1

People - Caring for Our Own

- ✓ Healthy-at-work Project (continued)
- ✓ Bike to work -Staff Initiative
- ✓ Promote & Facilitate Remote Work
- ✓ Cultivate Respect as Core Value

KPIs – What does success look like?

- Reduction in sick leaves
- Fewer work-related accidents
- Increased employee satisfaction

Sustainability Action Focus 2

Planet - Put in the Good Work

- ✓ Develop Supplier Network
- ✓ Sustainability Initiatives for Suppliers
- ✓ Optimize Sourcing for Less Transport
- ✓ Sustainable Product Development

KPIs – What does success look like?

- Reduction CO2 emissions
- Fewer air freight kilometers

Sustainability Action Focus 3

Profit - Future-proof Business

- ✓ Profitable & growing business
- ✓ Extend portfolio with sustainable products
- ✓ Customer satisfaction

KPIs – What does success look like?

- Turnover and profit
- Improved customer satisfaction
- Delivery performance rate improved



Thank you for reading our very first Sustainability Report.

We all know this is only the start – now that the plan is devised, it's time to ramp up the action. We will continue our steadfast sustainability work for good growth as outlined in our Sustainability Strategy.

We firmly believe that successful sustainability requires strategic partnerships – both internal and external. The next step is to unite our stakeholders and continue working towards the same goals of

reducing emissions and building sustainable growth.

Let's go!