HERRMANS

SUSTAINABILITY REPORT 2025

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CLEARER TARGETS, STRONGER DIRECTION

At Herrmans, we believe sustainability begins with openness and transparency. During the past year, we have reviewed our climate approach to better reflect current climate guidance and our actual emissions data and the areas where Herrmans can make the greatest impact.

As a result, we are revising our previous carbon neutrality target and placing greater emphasis on measurable reductions across our own operations and value chain.

Our previous carbon neutrality target reflected the climate ambition and target-setting context of that time. It was aligned with Finland's national 2035 climate target and gave us a clear long-term direction for developing our climate work. As our understanding of Scope 3 emissions has improved, especially regarding materials, components and supply-chain activities, we believe a reduction-based target gives us a more transparent, credible and useful foundation for long-term progress.

We believe climate targets should be ambitious, but they also need to be realistic, measurable and transparent.
The key is to measure progress, not perfection!
Our direction remains aligned with the European Union's and Finland's climate ambitions, while focusing on practical actions that can deliver measurable results. The most significant share of our emissions comes from materials, which makes material choices, recycled and biobased alternatives, product durability, supplier engagement and efficient production central to our sustainability strategy.

Our main climate target is to reduce absolute emissions by 50% by 2035, using 2020 as the baseline year. To support this ambition, we are establishing near-term milestones toward 2030 based on realistic and science-aligned reduction pathways.

The total emissions are also affected by our ambition to grow the business and the market development, which have an impact on production volumes. Therefore, we will also continue to track CO_2 intensity. This helps us assess whether we are improving our climate performance in relation to business activities, rather than only when total volumes go up or down.

At the same time, we are strengthening product- and material-level initiatives across the business. This includes increasing recycled and biobased content, improving material efficiency and waste reuse, optimizing transportation, and improving supplier data quality and transparency.

Sustainability is increasingly integrated into how we develop, manufacture and collaborate for new products. Product durability, repairability, and efficient production methods remain key priorities as we work to lower emissions, while continuing to deliver reliable, high-quality products for the cycling industry.

By focusing on measurable reductions and progress against our baseline, we aim to create lasting positive impact for Herrmans, our customers and the broader cycling value chain. Not only because we have to, but because we believe it is the right thing to do!

FOUR WAYS WE REDUCE MATERIAL IMPACT

We still believe there is no such thing as a completely green bike grip, chainguard or bicycle light. Every product has an impact. Our responsibility is to understand that impact, reduce it where we can, and make better choices step by step.

For Herrmans, sustainability in product development starts with materials, design and production. Our eco design guidelines help us evaluate raw material impact from the start, and to prioritise recycled or biobased alternatives whenever technically and commercially possible, without compromising safety, quality or durability.

1. Biobased plastics

Reducing our dependence on fossil-based materials remains a key priority. We are increasing the use of biobased plastics made partly or entirely from renewable biological sources. The raw materials we use come from responsibly grown non-food vegetable crops intended for industrial use and cultivated on land unsuitable for food production. Our Nucore Trail, Tour and Town grips are TÜV-certified with a 2-star Biobased rating, marking an important step forward in our material development work.

2. Recycled materials

Reusing existing plastic materials is an important way to reduce the need for virgin fossil-based raw materials. We continue introducing recycled plastics across our product portfolio, including chainguards, the CL3 front light and the Nordic Carrier rear light. In product development, recycled alternatives are always evaluated as part of our eco design process, while existing products are continuously reviewed for future material upgrades. Performance, durability and safety must always meet our quality standards.

3. Waste reduction and recycling

We reuse production scrap by grinding material back into granules and reintroducing it into selected applications. This year, we have increased the use of ground TPE from grip production, helping us make better use of material already available in our own processes.
At the same time, we work to reduce waste at the source through thoughtful product design, efficient production methods and continuous process improvements. All waste is carefully sorted to maximise recycling, and we work systematically to reduce waste volumes year by year.

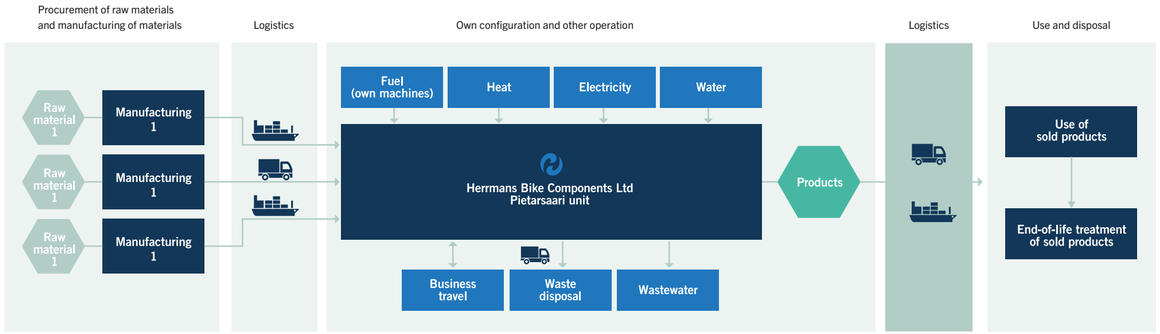
4. Circular design

Durability remains one of the most important sustainability factors in bicycle components. At the same time, we are exploring how our products can become easier to repair, maintain and upgrade over time. Circularity is a complex topic, but we see strong potential in areas such as modularity, replaceable parts and longer product lifecycles.

CARBON FOOTPRINT – MEASURING PROGRESS

By calculating our carbon footprint, we gain insight into the volume of greenhouse gases generated by our activities. **This value, expressed in tonnes of CO_2 equivalents per year**, reflects a combination of direct and indirect factors including product groups, market trends, and the emissions associated with our supply chain, production, and business operations. Factors like changes in sourcing, materials, or product mix can cause our footprint to fluctuate year to year.

Scope 1	Scope 2	Scope 3
Direct greenhouse gas emissions from our operations. Fuel used in trucks and company cars.	Energy Electricity and heat	Upstream activities: Waste, water, business travel, employee commuting Purchases: Materials, logistics



Carbon footprint calculations include operations in Finland.

Not included in the calculations

To ensure accuracy, our calculations are aligned with the GHG Protocol, which defines a range of **scopes and categories**. These determine what types of emissions are included and how responsibility is allocated. We prioritize emission sources that are both material and within our influence, while planning to expand our coverage as our tracking capabilities grow.

It's important to note that measurement accuracy is an evolving process. As data and methods improve, so does the quality of our insight into our footprint. Changes in scopes or newly included categories move us closer to a truly comprehensive view. As our understanding grows, so does the credibility and completeness of our data. All emissions associated with our headquarters and production facility in Pietarsaari, Finland are accounted for.

We treat sustainability as a long-term commitment – one that calls for consistency, collaboration, and a clear sense of direction. Our efforts this year show consistency under pressure, and a commitment to doing better, even when resources are limited. There is more to be done, and we are keeping the foundation strong for the next big steps.

GHG RESULTS - THE NUMBERS

Our total carbon footprint increased from 4,815 tCO_2e in 2024 to 5,703 tCO_2e in 2025 as business activity recovered. Improving GHG results is not always a straight line. Some years can look more like a zigzag, especially when market demand, production volumes and purchasing activity change. That is why we look at both the annual result and the long-term trend. In 2025, total emissions remained below 2020 levels and significantly below the 2021 peak of 11,929 tCO_2e.

The decrease from the 2021 peak is partly linked to the downturn in the bike market, but also reflects actions to improve energy efficiency, material use and operational efficiency. Since total carbon footprint is closely linked to business activity and market development, we also track intensity to understand whether our underlying performance is improving over time.

Measuring intensity

To understand progress beyond changes in market demand, we also measure carbon intensity. This means comparing kg CO_2e with key business indicators such as revenue, produced parts, energy use and raw material consumption. In this way, we can measure improvement regardless of growth or decline in the market.

Carbon footprint intensity
- How much CO2 do we emit by revenue?

Since 2020, our carbon footprint intensity per year has decreased from 0.38 to 0.30 kg CO_2e. Early improvements were driven by clear low-hanging fruit, while more recent

gains reflect more detailed work and improved data quality. Emissions decreased slightly from 2023 to 2024, but revenue decreased more, which caused intensity to increase again.

This rebound is a major reason why the 2025 result does not show a stronger long-term decline from 2020.
As tracking has become more precise, progress appears more incremental, but the data is also more reliable.

Carbon footprint intensity
- How much CO_2 do we emit by kg raw material used?

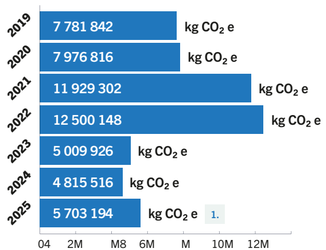
Raw material (RM) carbon intensity decreased from 0.271 kg CO_2e/kg in 2020 to 0.194 kg CO_2e/kg in 2025, representing a reduction of approximately 28%.
This improvement reflects a decrease in raw material-related emissions, due to changes in material mix and continued material optimization.

Reading the result

In short, 2025 shows a mixed but understandable result: total emissions increased, overall intensity remained close to the previous year, and raw material intensity continued to improve from the 2021 peak.

Carbon Footprint Scope 1-3

CO_2 Total – CO_2 EQ. EMISSION TOTAL

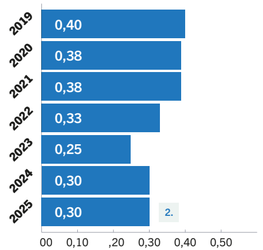


Activity drops, total GHG follows

Material purchases increased (major driver of footprint) Logistics, travel, and commuting increased with business activity

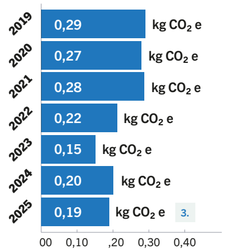
Carbon Footprint Intensity

CF Intensity CF/€–C O_2 EQ E / REVENUE INDEX



Intensity on same level even though total GHG increased.

Carbon Footprint Intensity – Raw Materials



Reduction due to optimizing materials.

GHG – OUR TARGETS EXPLAINED

Working with sustainability continuously increases our understanding. That is why climate targets need to be ambitious, realistic, measurable and transparent.

The challenge with total carbon footprint reduction

Total greenhouse gas emissions are closely linked to business activity. When demand and production volumes decrease, total emissions may decrease even if no structural improvements have been made. On the contrary, when business activity recovers or grows, emissions may increase even if efficiency has improved.

This is why total emissions alone do not give the full picture. They show our overall climate impact, but they need to be understood together with market development, production volumes and operational efficiency.

Let's be clear: carbon neutrality is no longer the most suitable target for a company like Herrmans. Achieving true neutrality across the full value chain is not realistic without offsetting, and evolving EU expectations place stronger emphasis on substantial, verifiable emission reductions within companies' own operations and value chains.

Our approach to setting new targets

Herrmans is therefore moving from a broad carbon neutrality approach to a reduction-based target that is easier to measure, manage and report.

Our main climate target is to reduce absolute Scope 1, 2 and 3 emissions by 50% by 2035, using 2020 as the baseline year. This means reducing total GHG emissions from approximately 8,000 tonnes CO_2e in 2020 to approximately 4,000 tonnes CO_2e in 2035.

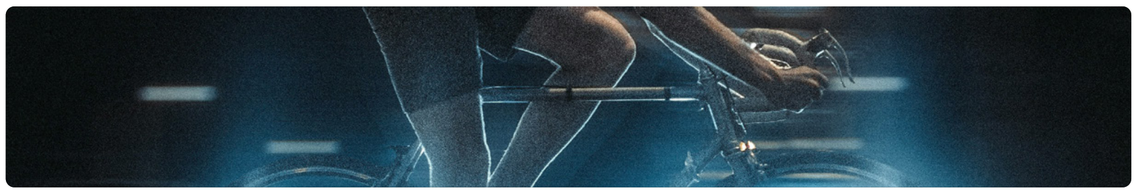
To support this ambition, we are establishing near-term milestones toward 2030 based on realistic and science-aligned reduction pathways. Our near-term goal for 2030 is a 33% reduction from 2020, reaching approximately 5,500 tonnes CO_2e.

Because total emissions are affected by production volumes and market development, we also track CO_2 intensity. Our target is to reduce CO_2 intensity gradually by an average of 8% per year until 2035.

Between 2020 and 2025, CO_2 intensity decreased by 21% and absolute CO_2e emissions decreased by 29%. These results provide a stronger basis for the next phase of our climate work.

Reduction first

Our priority is to reduce emissions within our own operations and value chain. We recognize that eliminating all value-chain emissions is not currently realistic, but compensation or removals will not be used as a substitute for emission reductions. Any future use would need to be clearly documented and limited to residual emissions.



NUCORE
THE BIOBASED GRIP RANGE

The OK Biobased certificate confirms the biobased content of the Nucore grip series, providing independent validation of the material.

The TÜV certification is a reliable benchmark, highlighting our efforts to reduce reliance on fossil-based materials and explore the potential of alternative materials.

Herrmans is the first and only manufacturer that offers biobased bicycle grips, and as forerunners we want to prove this with an official certification.

Nucore Trail, Tour and Town get 2 stars out of 4 possible.

between 20 and 40% biobased	between 40 and 60% biobased	between 60 and 80% biobased	more than 80% biobased

NEW LEAF MARKING HIGHLIGHTS BIOBASED CONTENT

To support bike producers and consumers to make clearer choices, Herrmans is introducing a new marking system for biobased content.

Four leaf icons indicate the proportion of renewable material – more filled leaves mean higher content.

Nucore grips are certified with the 2-star OK Biobased mark, which is represented with two filled leaves.

Other products and components will follow, using one or more filled leaves to explain their material level.

This is Herrmans' own transparent way to highlight biobased material content and help customers compare material choices across products.

By stating the biobased content level clearly, we make it easier for customers to understand what the material contains.

1 leaf = 20–40%

2 leaves = 40–60%

3 leaves = 60–80%

4 leaves = > 80% biobased

RIM TAPES WITH LESS MATERIAL HST

HST is our most optimized rim tape for essential ranges. Slightly thinner, this model uses less PVC material to support a competitive price and a smaller carbon footprint, without compromising on quality or durability. In other words, a win-win for both Planet and Profit.

Perfect for city bikes and most models that do not require high-pressure tires.

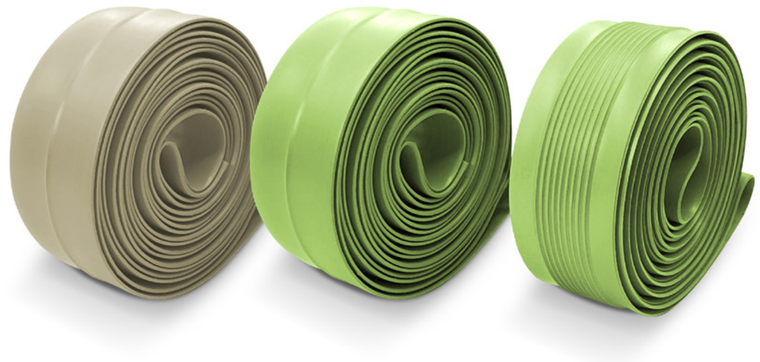
HST rim tapes feature our one stripe surface design to indicate the positioning and are well suited for double-walled rims.

RIM TAPES BIO-SERIES HBB AND HBB+

Two rim tape models with the same shape and performance characteristics as our established PVC models are now available with a bio-based plasticizer, reducing the raw material's carbon footprint by approximately 57%.

HBB+ rim tapes feature Wing Technology for fast and easy mounting. Excellent pinch resistance, developed for double-walled rims.

HBB rim tapes have a one stripe surface design to indicate the positioning and are well suited for double-walled rims.



Beige HST rim tape with less material, Green HBB and HBB+ rim tapes.

SCRAP MATERIAL GETS A NEW LIFE IN A CLOSED LOOP

Sustainable and cost-effective when production focuses on improvement work

Production without waste. That is the result of improvement work carried out at four of our injection moulding machines. The solution is a specially designed grinder that creates a closed loop at each individual machine.

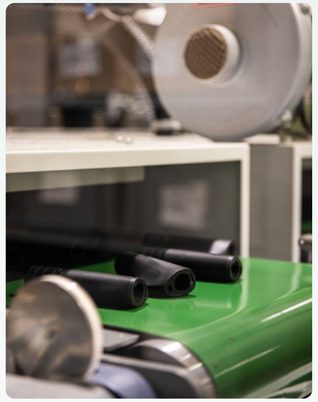
For every finished grip that comes out of the injection moulding machine, a certain amount of scrap is generated in the form of defective pieces and the parts that hold them together inside the machine. Previously, this material was collected manually, transported to an external partner for grinding, and then returned as recycled granulate. Now, the entire process takes place in-house. Production Manager Jerry Renlund explains:

"By investing in new automated grinders placed directly next to the production line, we have succeeded in creating a closed loop. Why transport residual material long distances when we can take care of it ourselves?"

Scrap material going directly into the grinder.

In the injection moulding cell, a robot picks up both ready grips and the scrap material, moving the items to the right conveyor belt.

Ready grips for a customer.



Why transport residual material long distances when we can take care of it ourselves? Production Manager Jerry Renlund shows the plastic scrap we regrind and reuse.

The benefit is clear. In addition to reducing transports, the new equipment also reduces the amount of manual work and allows all scrap to be reused, while also reducing our CO_2 footprint.
At the moment, the raw material for this specific grip consists of around four percent reused scrap material.

"The good thing about TPE plastic is that it can be melted down and reused several times without losing its properties. We have tested everything from 50 percent scrap to 100 percent reground material, but in production we currently use between four and ten percent."
With reground material, the challenge is temperature. TPE has a low melting point, but Jerry and his colleagues have solved this by adjusting the speed.

Continuous improvements deliver results

Taking care of scrap material is nothing new in itself. Different types of manual grinders have already been used in production for a long time, but now the process has been taken to a new level.

"For grips alone, around 600 kilos of raw material is generated as scrap each week. Today, about half of this material goes automatically straight back into production, without detours or middlemen. The goal is to reuse all of it."

The driving force behind the improvement work is Jerry Renlund, Production Manager, certified Lean Black Belt and a strong promoter of Lean practices. He believes in continuous improvement and sees small details everywhere that can be adjusted. In addition to the Lean mindset, he has also initiated the implementation of 5S.

"To an untrained eye, these may look like very small things. But the more we fine-tune, the greater the effect becomes, both in terms of cost and, above all, environmental benefits. It is also about social sustainability: creating a workplace where people enjoy working, move towards the same goal, and are given the opportunity to do their work as well as possible."

Jerry and the management team share a vision of continued growth for Herrmans, and the latest improvements are a step in the right direction. During the year, three of the automated grip lines have been equipped with automatic grinders, and a fourth is currently being installed. The equipment has been specially ordered to fit Herrmans' production, and the payback time for the investment is only around one year.

Building credibility

All tests so far have shown very good results, strengthening our belief that we are doing the right things. The plan is to continue investing so that more and more lines can form closed loops. For many years, Herrmans has also reground and reused SAN plastic used for reflectors and PVC used for rim tapes in the same way. ABS and polypropylene plastics are next in line.

"Today, we produce thousands of different components using around 90 different materials, so there is plenty to work with," says Jerry Renlund.

"A dream scenario would be to organize production so that the same type of material and colour is concentrated on the same line. That way, we could save both time and resources by reducing the need to clean the machines."

"Of course, certain stages will continue to require manual work also in the future, but the more we are able to automate, the better. It is also about credibility and competitiveness," says Jerry Renlund.

Improvement work is something that concerns all of us, and something we are glad to talk about. We work consciously and with a long-term perspective to reduce our climate footprint, based on our guiding principles: People, Profit and Planet. The investment in taking care of our own residual material is an important step forward in that work.

Our long-term ambition is to maximize the recycling of all scrap material in production and enable reuse wherever it is technically possible and quality requirements can be met.

To an untrained eye, these may look like very small things. But the more we fine-tune, the greater the effect becomes, both in terms of cost and, above all, environmental benefits.

Jerry Renlund,
Production Manager

ESG UPDATES

As sustainability work evolves, standardization and transparency become increasingly important.

Implementing VSME reporting standard

In 2025, Herrmans adopted the Voluntary Sustainability Reporting Standard for non-listed micro-, small- and medium-sized enterprises (VSME), developed by the European Financial Reporting Advisory Group (EFRAG).

This marked an important step in aligning our sustainability reporting with emerging European best practices and increasing transparency towards stakeholders.
Our first VSME report is published as a separate fact report and can be accessed via this link: https://herrmans.eu/wp-content/uploads/2026/06/Herrmans_VSME_report_2025.pdf or by scanning the QR code below.

The VSME report is designed for stakeholders such as customers, partners, financial institutions and regulators who require structured, detailed and comparable ESG data.

By implementing VSME reporting, we strengthen our ability to respond to increasing sustainability information requests, support value chain transparency and prepare for evolving regulatory expectations.

Together, these two reports give a fuller picture of our sustainability work:
the VSME report provides structured ESG data, while this Sustainability Report highlights the projects, progress and people behind the numbers in a more accessible format.

Joining SEDEX and Strengthening Social Compliance

In 2025, Herrmans joined SEDEX (Supplier Ethical Data Exchange), a globally recognized platform for managing and improving ethical business practices in supply chains. This step supports our commitment to responsible sourcing and increased transparency.

The decision to join SEDEX was driven by both customer requirements and our own ambition to ensure impartial and standardized ethical audits based on established criteria. As part of the onboarding process, Herrmans completed the SEDEX Self-Assessment Questionnaire (SAQ), providing a structured overview of our social compliance practices.

Looking ahead, we are preparing for a SMETA (Sedex Members Ethical Trade Audit), planned for fall 2026. This will further strengthen our evaluation and continuous improvement of working conditions, health and safety, environmental practices, and business ethics.

SUPPORTING WELLBEING AND SHARED RESPONSIBILITY

A healthy, engaged workforce is essential for long-term success, and we see employee wellbeing as a shared responsibility between the company and each individual.

We aim to create a work environment that supports sustainable performance over time. At the same time, we recognize that the foundation of work ability is influenced by many factors, such as sleep, recovery, physical activity, and overall lifestyle. One of the ongoing challenges for employers is how to support and encourage these habits without taking over responsibility that ultimately lies with the individual. This balance is becoming increasingly important as expectations and working life continue to change.

Investing in wellbeing and awareness

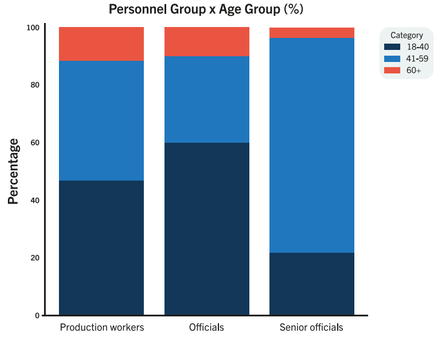
We take an active role in enabling healthier choices. During 2025, we have continued to invest in wellbeing initiatives that increase awareness and build practical knowledge around healthy lifestyles. Activities such as daily lunch walks using worktime, wellbeing campaigns, and internal projects are meant to make it easier to build healthy habits during the workday and in the spare time. Our goal is not only participation, but long-term habits.

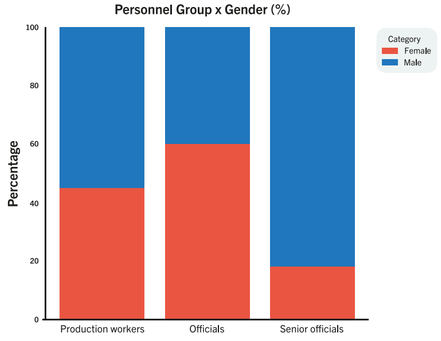
We also work closely with our occupational health care partner to ensure early support and professional guidance when needed. This collaboration helps us work proactively while also supporting employees when challenges arise.

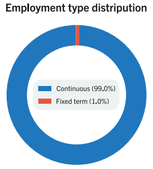
Reducing workload through smarter ways of working

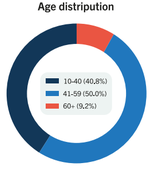
A sustainable working life also requires a manageable workload. We are actively exploring how digital tools, AI, and automation can simplify everyday work. By reducing repetitive and manual tasks, we aim to free up time for more value-adding work, lower stress levels, and improve overall efficiency. This is closely aligned with our broader ambition to improve processes and increase the use of automation across the organization.

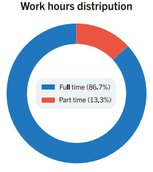
Together, this helps create a healthier, more sustainable working life – both for our employees and for Herrmans.











BREAKAWAY RIDERS IN SUSTAINABILITY – OUR ROADMAP

2008
- Environmental Management System ISO 14001 certification achieved
- The use of regranulated raw materials commenced

2017
- Transition to 100% renewable energy

2018
- Code of Conduct introduced for subcontractors

2019
- Sustainability at management level

2020
- First annual GHG calculations for Scope 1, 2 and 3 (baseline year 2019)
- Renewable & FSC certified packaging

2021
- Increased use of energy-efficient technology
- Completed Lifecycle Assessments on key products
- Developed and launched a spoke protector made of recycled materials
- Added two new more sustainable raw materials and continued the raw material research

2022
- Health & Safety ISO 45001 certification
- Increased share of recycled raw materials
- Signed Packaging Pledge

2023
- Electrical fork-lift trucks for internal logistics
- Increase of internal recycling of production waste
- Developed and launched Grip Nucore with biobased raw materials
- Deepened LCA knowledge
- Product scoring from a sustainability point of view
- Eco-Design Guidelines

2024
- Increased share of biobased raw material in Grip Nucore, with OK Biobased certification from TÜV Austria
- Implemented recycled raw materials for chainguards and selected lights (CL3, Nordic Carrier)
- Continued research for biobased and recycled raw materials
- Improved productivity and reduced waste
- Implemented new safety observation tool

2025

Done 2025:
- Implemented Bio-series rim tape, and rim tape model with less material
- Introduced biobased content indicator on grip Nucore
- Improved waste reduction and implemented TPE regrinding in production

2026 Projects:
- → Continue waste regrinding project
- → Material research and product design (recycled, biobased, material reduction, repairability)
- → Strengthen energy consumption reduction efforts
- → Increase transparency in social compliance (Sedex)

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