

## »Environmental, Social, and Governance Initiatives«

Environmental, Social, and Governance (ESG) issues continue to gain momentum across industries globally, including within the bicycle manufacturing sector. As a key player in the industry, SR SUNTOUR remains committed to advancing sustainable and ethical practices across all aspects of our operations. This report highlights key ESG topics that have been at the forefront of industry discussions over the past year, focusing particularly on:

1. Efforts to reduce environmental impact through carbon emissions reduction, renewable energy adoption, and product innovation that would provide the consumers with the utmost convenience and security using SR SUNTOUR suspension products.
2. The treatment of foreign migrant workers

### KEY ENVIRONMENTAL INITIATIVES

- Recycled Materials in Aluminum & Magnesium Production: SR SUNTOUR has adopted recycled aluminum and magnesium in its production processes, significantly reducing CO<sub>2</sub> emissions (CO<sub>2</sub>e) from raw material usage.



LOCATION: GERMANY, REGI: SÜDRG, RIDER: ANDY SCHUSTER | PHOTO: HOSHIO SHIDA

### KEY ENVIRONMENTAL INITIATIVES

» SUSPENSION IS TURNING EVERY BIKE RIDE INTO A COMFORTABLE AND PREFERRED CHOICE FOR YOU – AND A CLEANER CHOICE FOR THE WORLD. «

- Transition to Renewable Energy: We are increasing the use of solar and wind energy in our operations. This transition is already resulting in measurable reductions in Scope 1 emissions within our manufacturing sites.

Innovations promoting the importance of SR Suntour suspension products to persuade more consumers to use bicycles/e-bicycles as means of daily transportation which will result in lower CO<sub>2</sub> emissions.

“Suspension is turning every bike ride into a comfortable and preferable choice for you – and a cleaner choice for the world.”

At SR Suntour, we believe that riding a pedal bike or pedal assist bike should be an everyday choice that feels natural, safe, and enjoyable. Our innovative suspension products are designed to deliver maximum possible comfort, control, and confidence, making longer rides easier and commuting more appealing daily. By encouraging more people to choose bikes over cars, we not only enrich the riding experience but also contribute to reducing carbon emissions and creating a cleaner, healthier future.

### DESIGN FOR LONGEVITY & REPAIRABILITY

To support a circular economy, SR SUNTOUR is focused on:

- Creating easily repairable and upgradeable components
- Designing for long product life cycles
- Reducing waste and resource use through modular design

## ENVIRONMENTAL

### ENVIRONMENTAL RESPONSIBILITY: CARBON REDUCTION IN PRODUCTION AND INNOVATION

As climate change continues to pose a global challenge, SR SUNTOUR actively works to minimize our environmental footprint while simultaneously promoting sustainable suspension in bicycle/e-bicycle transportation through product innovation.

By extending product lifespan and encouraging maintenance over replacement, SR Suntour helps reduce consumption-related emissions and waste.

### EMISSIONS REPORT: FISCAL YEAR 2024

SR SUNTOUR tracks its emissions in accordance with ISO 14064 standards. Below is a breakdown of greenhouse gas emissions for FY2024:

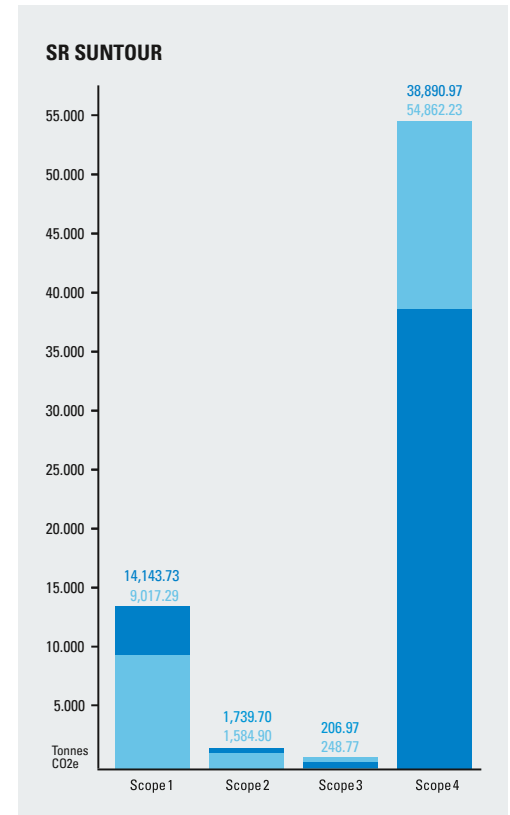
### SCOPES DEFINED BY THE GHG PROTOCOL:

- Scope 1: Direct emissions from owned or controlled sources
- Scope 2: Indirect emissions from purchased electricity
- Scope 3: Indirect emissions across the value chain
- Scope 4: Other indirect emissions (if applicable, e.g., avoided emissions)

### REDUCTION TARGET AND STRATEGY

To combat climate change and reduce our carbon footprint, we have set an ambitious target of reducing our emissions annually. This commitment aligns with international climate goals and underscores our dedication to environmental stewardship. One of our ambitious goals is to meet Science Based Targets initiatives (Sbti) by reducing our carbon emissions around 30% by 2030 and ensure that our raw material suppliers strictly meet this goal as well.

» TO COMBAT CLIMATE CHANGE AND REDUCE OUR CARBON FOOTPRINT, WE HAVE SET AN AMBITIOUS TARGET OF REDUCING OUR EMISSIONS ANNUALLY «



\* DIAGRAM OF SR SUNTOUR AVERAGE GREENHOUSE GAS (GHG) EMISSIONS (FISCAL YEAR 2023 / 2024)

## SOCIAL

### UPHOLDING SOCIAL RESPONSIBILITY: A COMMITMENT TO ETHICAL PRACTICES AND EMPLOYEE WELL BEING

In today's globalized economy, companies are increasingly recognized not just for their financial performance, but also for their commitment to Environmental, Social, and Governance (ESG) principles. Among these, the "S" in

ESG – Social Responsibility – stands out as a cornerstone of ethical corporate conduct. This article explores how we adhere to and exemplify these crucial social responsibilities.

### HUMAN RIGHTS AND LABOR STANDARDS

At the heart of our commitment is the unequivocal stance against any form of modern slavery and related practices. We strictly prohibit human trafficking, forced labor, debt bondage, and any form of workplace oppression or inadequate control. Employees are never compelled to work through force, threat, or intimidation of any kind. Our employment practices adhere to local minimum age requirements, ensuring that no underage labor is employed.

### EMPLOYEE SAFETY AND HEALTH

Ensuring the safety and well-being of our employees is paramount. Regular safety training and health seminars are conducted to equip our workforce with necessary skills and knowledge. Each month, a registered doctor and nurse perform medical surveillance to monitor the health status of our employees. To reduce exhaustion, forklifts are provided to limit physical strain in assembly line tasks.

### FAIR TREATMENT AND INCLUSIVITY

For foreign workers, fair wages and benefits are provided, along with training and health seminars conducted in their language to facilitate understanding and integration. Our company maintains a zero-tolerance policy against racial discrimination, ensuring a workplace that values diversity and inclusivity. SR SUNTOUR ensures equal treatment for all employees, including fair wages, benefits, and working conditions. We strictly condemn the withholding of passports, and all foreign workers always retain possession of their identification. All the hiring procedures, payment of wages and incentives are all done in accordance with the labor laws.

### SUPPORT FOR PARENTAL NEEDS

Recognizing the importance of work-life balance, female employees who "just gave birth" are provided with a private breastfeeding room within the company premises, demonstrating our commitment to supporting parental needs and promoting maternal health.

### EMPLOYEE RIGHTS AND EMPOWERMENT

We uphold the rights of freedom of association and collective bargaining, enabling our employees to voice

their concerns and negotiate collectively. Our adherence to local labor laws ensures that regular working hours are respected, and any overtime work is compensated accordingly.

### TRANSPARENCY AND ACCOUNTABILITY

A grievance mechanism is in place, allowing employees to lodge complaints confidentially and ensuring timely resolution of issues. We maintain a strict policy against corruption, both within and outside our company premises, to uphold ethical standards and build trust with stakeholders.

### CERTIFICATIONS AND STANDARDS

As part of our commitment to employee well-being and safety, our company holds ISO 45001 certification, demonstrating compliance with international standards for occupational health and safety management systems.

### CONCLUSION

In conclusion, our company stands firmly committed to upholding social responsibility through ethical practices and policies that prioritize the well-being, safety, and rights of our employees. By adhering to stringent standards and fostering an inclusive and supportive

## INTEGRATION AND TOLERANCE

» FOR FOREIGN WORKERS, FAIR WAGES AND BENEFITS ARE PROVIDED, ALONG WITH TRAINING AND HEALTH... «

workplace environment, we not only meet regulatory requirements but also contribute positively to the communities where we operate. As we continue to evolve and grow, our dedication to ESG principles remains unwavering, ensuring that we contribute to a sustainable and equitable future for all stakeholders.



LOCATION GERMANY, FREIBURG PHOTO HOSHI YOSHIDA

## GOVERNANCE

### ENHANCING CORPORATE GOVERNANCE THROUGH ESG PRINCIPLES

Corporate governance plays a pivotal role in shaping the operational transparency and ethical standards of modern businesses. Embedded within the broader framework of Environmental, Social, and Governance (ESG) principles, effective governance ensures that companies operate responsibly, manage risks prudently, and uphold the interests

of stakeholders. In this article, we delve into how specific aspects of governance, particularly focused on diversity and independence of the Board of Directors, disclosure practices via regulatory platforms, shareholder engagement through annual reporting, and fostering employee feedback via suggestion boxes, contribute to a robust ESG strategy.

### DIVERSITY AND INDEPENDENCE OF THE BOARD OF DIRECTORS

A cornerstone of strong governance is the composition of the Board of Directors. Diversity in board membership, encompassing varied backgrounds, expertise, and perspectives, enhances decision-making processes and reflects commitment to inclusivity. Boards composed of individuals with diverse skills and experiences are better equipped to navigate complex challenges, innovate effectively, and foster a culture of accountability. Moreover, ensuring the independence of board members from management promotes objective decision-making and mitigates conflicts of interest. Independent directors provide oversight and scrutiny, safeguarding shareholder interests and upholding governance standards.

### SUGGESTION / GRIEVANCE BOX OPEN TO ALL EMPLOYEES

Employee engagement is vital to fostering a culture of inclusion and innovation within organizations. Open suggestion boxes provide a platform for employees at

### EMPOWERMENT

» OPEN SUGGESTION BOXES PROVIDE A PLATFORM FOR EMPLOYEES AT ALL LEVELS TO CONTRIBUTE IDEAS, RAISE CONCERNS, AND OFFER FEEDBACK ON ORGANIZATIONAL PRACTICES, POLICIES, AND WORKPLACE CULTURE. «

all levels to contribute ideas, raise concerns, and offer feedback on organizational practices, policies, and workplace culture. This inclusivity promotes a sense of ownership and empowerment among employees, driving continuous improvement initiatives and enhancing overall organizational effectiveness. Moreover, soliciting and acting upon employee feedback demonstrates a commitment to valuing diverse perspectives, cultivating a supportive work environment, and aligning corporate governance with broader ESG objectives.



LOCATION: FACTORY, VIETNAM | PHOTO: HISHI YOSHIDA

	YEAR 2023	UP TO AUGUST 2024
Total Directors	8	9
Outside Directors	2	2
Female Directors	1	1
Foreign Directors	3	3
Number of Meetings	6	4

\* TABLE DIVERSITY OF SR SUNTOUR BOARD OF DIRECTORS